3Q

Allianz Group

Interim Report Third Quarter and First Nine Months of 2015

Allianz

Allianz at a glance

QUARTERLY AND FIRST NINE MONTHS RESULTS

		three months ended 30 September			nine months ended 30 September			
		2015	2014	Change from previous year	2015	2014	Change from previous year	More details on page
Income statement								
Total revenues[1]	€ MN	27,531	28,781	(4.3)%	95,469	92,201	3.5%	6
Operating profit[2]	€ MN	2,452	2,650	(7.5)%	8,149	8,144	0.1%	7
Net income[2]	€ MN	1,440	1,687	(14.7)%	5,488	5,285	3.8%	8
thereof: attributable to shareholders	€ MN	1,359	1,606	(15.4)%	5,198	5,002	3.9%	8
Business segments[3]								
Property-Casualty								
Gross premiums written	€ MN	11,521	11,254	2.4%	40,704	37,317	9.1%	12
Operating profit[2]	€ MN	1,352	1,422	(5.0)%	4,382	4,257	2.9%	13
Net income[2]	€ MN	1,019	1,083	(5.9)%	3,285	2,697	21.8%	15
Combined ratio	%	94.1	93.5	0.6%-p	94.1	93.6	0.5%-p	13
Life/Health								
Statutory premiums	€ MN	14,313	15,853	(9.7)%	49,854	49,977	(0.2)%	20
Operating profit[2]	€ MN	738	790	(6.6)%	2,695	2,655	1.5%	22
Net income[2]	€ MN	547	530	3.1%	1,948	1,891	3.0%	25
Margin on reserves	BPS	52	61	(9)	64	70	(6)	24
Asset Management								
Operating revenues	€ MN	1,636	1,618	1.1%	4,757	4,742	0.3%	31
Operating profit[2]	€ MN	600	694	(13.5)%	1,661	2,015	(17.6)%	32
Net income[2]	€ MN	374	438	(14.5)%	1,033	1,263	(18.2)%	32
Cost-income ratio	%	63.3	57.1	6.2%-p	65.1	57.5	7.6%-p	32
Corporate and Other								
Total revenues	€ MN	146	135	8.4%	416	405	2.8%	–
Operating result[2]	€ MN	(246)	(248)	0.9%	(577)	(689)	16.4%	34
Net income (loss)[2]	€ MN	(354)	(311)	(13.7)%	(609)	(429)	(41.9)%	34
Balance sheet as of 30 September[4]								
Total assets	€ MN	835,577	805,787	3.7%	835,577	805,787	3.7%	39
Shareholders' equity	€ MN	61,280	60,747	0.9%	61,280	60,747	0.9%	38
Non-controlling interests	€ MN	2,846	2,955	(3.7)%	2,846	2,955	(3.7)%	38
Share information								
Basic earnings per share	€	2.99	3.54	(15.5)%	11.44	11.02	3.8%	108
Diluted earnings per share	€	2.98	3.52	(15.2)%	11.43	10.95	4.4%	108
Share price as of 30 September[4]	€	140.25	137.35	2.1%	140.25	137.35	2.1%	1
Market capitalization as of 30 September[4]	€ MN	64,094	62,769	2.1%	64,094	62,769	2.1%	–
Other data								
Standard & Poor's rating[5]		AA Stable outlook	AA Stable outlook	–	AA Stable outlook	AA Stable outlook	–	–
Conglomerate solvency ratio[4,6]	%	195	181	14%-p	195	181	14%-p	38
Total assets under management as of 30 September[4]	€ BN	1,746	1,801	(3.0)%	1,746	1,801	(3.0)%	29
thereof: third-party assets under management as of 30 September[4]	€ BN	1,259	1,313	(4.1)%	1,259	1,313	(4.1)%	29

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and the Group as a whole.

3 — The Allianz Group operates and manages its activities through four business segments: Property-Casualty, Life/Health, Asset Management and Corporate and Other. For further information, please refer to note 4 to the condensed consolidated interim financial statements.

4 — 2014 figures as of 31 December 2014.

5 — Insurer financial strength rating, affirmed on 22 December 2014.

6 — Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 September 2015 would be 187% (31 December 2014: 172%).

To go directly to any chapter, simply click on the headline or the page number

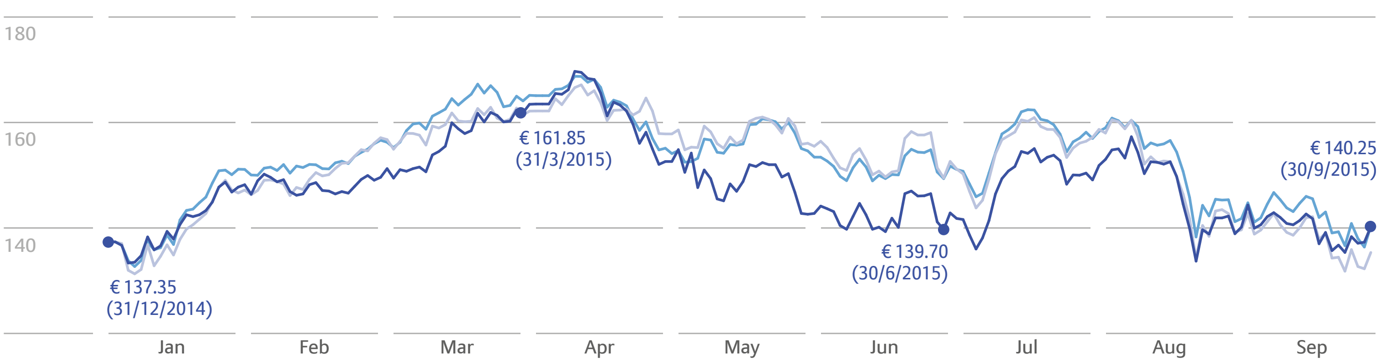
All references to chapters, pages, notes, internet pages, etc. within this report are also linked.

Content

Allianz Share

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS STOXX EUROPE 600 INSURANCE AND EURO STOXX 50

indexed to the Allianz share price in €



Allianz · STOXX Europe 600 Insurance · EURO STOXX 50
Source: Thomson Reuters Datastream

Allianz Share price (9M 2015):
High: € 169.70 (10 April 2015) Low: € 133.35 (5 January 2015)

BASIC SHARE INFORMATION

Security codes	WKN 840 400
	ISIN DE 000 840 400 5
Bloomberg	ALV GR
Reuters	0#ALVG.DEU

Disclaimer regarding roundings

The condensed consolidated interim financial statements are presented in millions of Euros (€ MN), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Previously published figures have been adjusted accordingly.

INTERIM GROUP MANAGEMENT REPORT

A

INTERIM GROUP MANAGEMENT REPORT

Pages **4 – 48**

Executive Summary

THIRD QUARTER 2015

- Total revenues fell 4.3 % to € 27.5 BN.
- Operating profit at € 2,452 MN, a drop of 7.5 % – however, we expect the full year operating profit to arrive in the upper end of the 2015 target range.
- Net income decreased to € 1,440 MN.
- Conglomerate solvency ratio rose 14 percentage points to 195 %.[1]

Allianz Group overview

Allianz SE and its subsidiaries (the Allianz Group) have operations in over 70 countries. The Group's results are reported by business segment: Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other.

Key figures

KEY FIGURES ALLIANZ GROUP

€ MN three months ended 30 September	2015	2014
Total revenues	27,531	28,781
Operating profit	2,452	2,650
Net income	1,440	1,687
Conglomerate solvency ratio[1,2] in %	195	181

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT IN THE THIRD QUARTER OF 2015

The global economy provided a split picture in the third quarter of 2015. Most of the advanced economies – like the United States and the Eurozone – reported a fairly solid economic development, with the latter benefiting, in particular, from lower oil prices and a weaker Euro. By contrast, growth in many emerging markets was disappointing. The slowdown in China continued, while other major emerging market economies like Brazil and Russia remained mired in recession. Nevertheless, there were also some bright spots like India and most eastern European E.U. member states, which registered robust growth. Overall, global economic activity continued to trend moderately upwards.

Global financial markets experienced strong volatility in the third quarter, with a sharp sell-off in emerging market equities and currencies as well as commodities. The Institute of International Finance (IIF) estimates outflows of emerging market portfolio assets to the tune of USD 37 BN, making the third quarter the worst since the fourth quarter of 2008. These outflows were triggered by rising concerns about growth prospects in China, worries about emerging markets' economic performance in general, and uncertainty surrounding the timing of a possible interest rate tightening by the Federal Reserve Bank. At its September meeting, the Federal Reserve Bank remained on hold, highlighting recent international developments and their potential to weigh on U.S. economic activity. With investors shifting more into risk-off mode, yields on 10-year German government bonds declined and closed the third quarter at 0.6 %, 20 basis points lower than at the beginning of the quarter. Spreads on government bonds in the Eurozone periphery tightened considerably, supported by the agreement between Greece and its creditors that averted a government default and Grexit – at least for the time being. After reaching

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 September 2015 and 31 December 2014 would be 187 % and 172 %, respectively.
2 — 2014 figure as of 31 December 2014.

peaks in the first half of 2015, most equity markets registered losses in the third quarter, with downward corrections being most pronounced in emerging market indices. The U.S. Dollar to Euro exchange rate was 1.12 at the end of the third quarter, virtually unchanged from the previous quarter's closing rate of 1.11.

From an insurance industry point of view, the general developments of the first half of 2015 were also visible during the third quarter. Namely, the quarter was characterized by the absence of major catastrophe losses as well as modest growth in most product lines, while investment returns remained under pressure. However, despite significant market volatility, solvency positions seemed to remain more or less resilient. At the same time, efforts to improve risk profiles, technical profitability in non-life, and the business mix in life towards less capital-intensive products continued unabated.

MANAGEMENT'S ASSESSMENT OF THIRD QUARTER 2015 RESULTS

Our *total revenues* went down by € 1.3 BN – or 4.3 % – to € 27.5 BN. On an internal basis[1], revenues decreased by 7.2 %. The decline was primarily driven by our business segment Life/Health due to the continuation of the strategic shift to capital-light products.

Our *operating profit* dropped by € 198 MN – or 7.5 % – to € 2,452 MN, with pullbacks seen across all three operating segments. The main driver for this was our business segment Asset Management, where the impact of prior period third-party net outflows continued to negatively impact operating profit. Financial markets impacted investment results in our business segments Life/Health and Property-Casualty, with the latter also seeing higher losses from natural catastrophes after almost none in the third quarter of 2014.

Net income fell 14.7 % to € 1,440 MN – mainly due to our lower operating result and the absence of the tax benefits recorded in the third quarter of 2014. *Net income attributable to shareholders* and *non-controlling interests* were at € 1,359 MN (3Q 2014: € 1,606 MN) and € 81 MN (3Q 2014: € 81 MN), respectively.

Our *shareholders' equity* went up by € 0.5 BN to € 61.3 BN, compared to 31 December 2014. Over the same period, our *conglomerate solvency ratio* strengthened from 181 % to 195 %.[2]

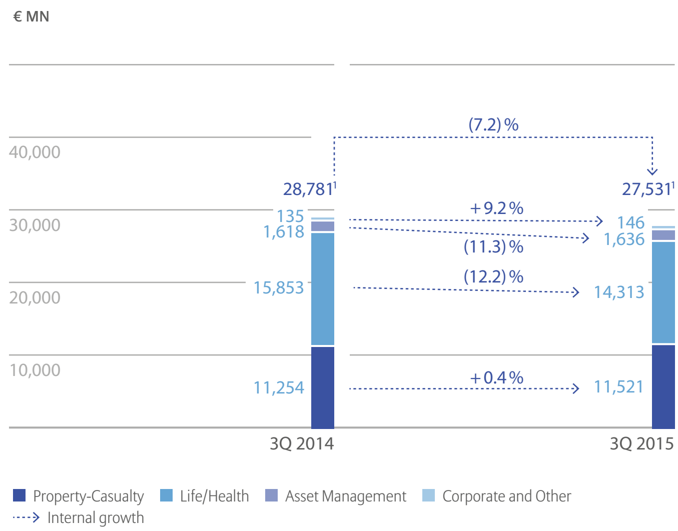
1 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 46 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 September 2015 and 31 December 2014 would be 187 % and 172 %, respectively.

Total revenues[3]

2015 to 2014 third quarter comparison

TOTAL REVENUES – BUSINESS SEGMENTS



1 — Total revenues include € (86) MN (3Q 2014: € (80) MN) from consolidation for 3Q 2015.

Property-Casualty gross premiums written amounted to € 11.5 BN, an increase of 2.4 % compared to the third quarter of 2014. On an internal basis[1], our gross premiums written grew by 0.4 %. We registered a positive price effect, which was partially offset by a negative volume impact.

Life/Health statutory premiums were € 14.3 BN, a decrease of 12.2 % on an internal basis[1]. This was mainly due to reduced sales of traditional products in Germany and Italy and the non-recurrence of the elevated premiums from fixed-indexed annuity business in the United States in 2014. These effects outweighed the premium growth in the unit-linked business in Benelux and Taiwan. As a result of implementing changes in our product strategy, premiums continued to shift towards unit-linked and capital-efficient products.

Asset Management operating revenues rose 1.1 % to € 1,636 MN. Absent the positive effect from foreign currency translation, which was mainly driven by the sharp depreciation of the Euro against the U.S. Dollar, operating revenues declined by 11.3 % on an internal basis[1]. This decline was mainly due to lower average third-party assets under management (AuM) and the corresponding impact on third-party AuM-driven revenues. However, it was partly offset by higher performance fees.

3 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

Total revenues in our Banking operations (reported in our *Corporate and Other* business segment) increased by € 11 MN to € 146 MN, primarily driven by a better net interest result.

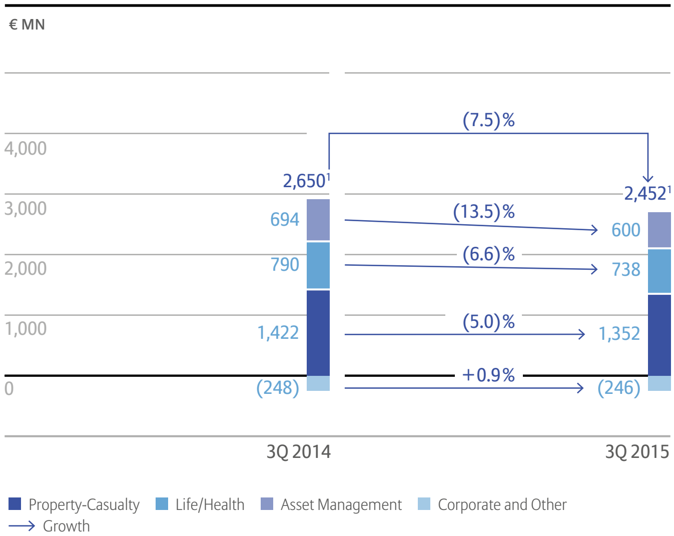
2015 to 2014 first nine months comparison

Our *total revenues* were up by € 3.3 BN – or 3.5 % – to € 95.5 BN. However, on an internal basis[1], operating revenues decreased by 1.9 %. In our Life/Health business segment, we recorded a drop in fixed-indexed annuity premiums in the United States and lower premiums in the traditional life business in Germany. These were partly offset by increased unit-linked business in Italy and Taiwan. In our Asset Management business segment, operating revenues were burdened by lower third-party AuM driven revenues. These effects were only partly counterbalanced by volume driven growth in our Property-Casualty business segment.

Operating profit

2015 to 2014 third quarter comparison

OPERATING PROFIT – BUSINESS SEGMENTS



1 — Total operating profit includes € 8 MN (3Q 2014: € (9) MN) from consolidation for 3Q 2015.

Our *Property-Casualty* operating profit fell by € 71 MN to € 1,352 MN. This was mainly due to a combination of reduced investment income – mainly from a negative foreign currency result net of hedges – and a lower underwriting result, driven by higher losses from natural catastrophes, large claims and higher expenses. This was only partially offset by a higher run-off contribution.

Life/Health operating profit went down by € 52 MN to € 738 MN. This decrease was mainly driven by loss recognition in South Korea and hedging-related losses in the variable annuity business in the United States. It was partly offset by the German life business, due to a higher investment margin.

Asset Management operating profit decreased by € 93 MN – or 13.5 % – to € 600 MN. On an internal basis[2], the decline was 25.2 %, mainly driven by lower third-party AuM driven revenues, which could only be partially offset by increased performance fees and lower operating expenses. The drop in operating expenses was dampened by effects from PIMCO's Special Performance Award (SPA) and restructuring charges at AllianzGI.

Our operating result in *Corporate and Other* remained almost unchanged at a loss of € 246 MN (3Q 2014: € (248) MN). Increases in Banking and Alternative Investments operating profit were mostly offset by a higher operating loss in Holding & Treasury.

2015 to 2014 first nine months comparison

Operating profit was almost flat at € 8,149 MN. Although the Property-Casualty business segment saw less benign losses from natural catastrophes in the current year versus 2014, it benefited from the net gain from the sale of Fireman's Fund personal insurance business, showing an overall increase in operating profit of 2.9 % over the prior year. Our business segment Life/Health showed more modest operating profit growth, benefiting from its higher asset base but being particularly impacted by loss recognition in South Korea. These improvements, combined with an improved operating result in our Corporate and Other business segment, in particular due to the one-off effect from the adapted cost allocation scheme for the pension provisions[3], were substantially offset by the decrease in operating profit from the Asset Management business segment. The decrease was mainly due to lower average third-party AuM, driven by third-party net outflows, albeit now diminishing. The decline in operating expenses was partially offset by special effects like the SPA and restructuring charges. However, the decrease in operating profit was significantly mitigated by favorable tailwinds from foreign currency translation.

1 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 46 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 — Operating profit adjusted for foreign currency translation and (de-)consolidation effects.

3 — For further information on the adapted cost allocation scheme for the pension provisions, please refer to note 4 to the condensed consolidated interim financial statements.

Non-operating result

2015 to 2014 third quarter comparison

Our *non-operating result* improved by € 39 MN to a loss of € 293 MN. This was due to a lower negative impact from tax benefits reclassification than in the third quarter of 2014. The increase was significantly offset by a drop in the non-operating investment result mainly because of higher non-operating impairments of investments (net).

Non-operating income from financial assets and liabilities carried at fair value through income (net) improved by € 42 MN to a loss of € 12 MN, mainly due to favorable impacts from hedging-related activities.

Non-operating realized gains and losses (net) decreased by € 34 MN to € 150 MN, largely driven by lower realized gains on debt securities.

Non-operating impairments of investments (net) rose by € 105 MN to € 155 MN, due to higher impairments on equities consistent with unfavorable market developments in the third quarter of 2015.

The negative impact from the *reclassification of tax benefits* declined by € 137 MN to € 21 MN. The third quarter of 2014 included significant one-off tax benefits.

2015 to 2014 first nine months comparison

Our *non-operating result* improved by € 269 MN to a loss of € 217 MN. This was mainly driven by a higher non-operating investment result, supported by a lower negative impact from tax benefits reclassification. It was partly offset by the absence of a positive one-off effect from a pension revaluation of € 117 MN reported in the first quarter of 2014.

Income taxes

2015 to 2014 third quarter comparison

Income taxes increased by € 88 MN to € 720 MN, despite lower income before income taxes. The effective tax rate amounted to 33.3 % (3Q 2014: 27.2 %). This was mostly due to higher one-off tax benefits, amounting to € 158 MN in the third quarter of 2014.

2015 to 2014 first nine months comparison

Income taxes were up by € 71 MN to € 2,444 MN in line with the higher income before income taxes. The effective tax rate slightly decreased to 30.8 % (9M 2014: 31.0 %).

Net income

2015 to 2014 third quarter comparison

Net income declined by € 247 MN to € 1,440 MN, driven primarily by our lower operating result and the absence of the tax benefits recorded in the third quarter of 2014. *Net income attributable to shareholders* and *non-controlling interests* amounted to € 1,359 MN (3Q 2014: € 1,606 MN) and € 81 MN (3Q 2014: € 81 MN), respectively. The largest non-controlling interests in net income related to PIMCO and Euler Hermes.

Basic earnings per share decreased from € 3.54 to € 2.99 and *diluted earnings per share* fell from € 3.52 to € 2.98. For further information on earnings per share, please refer to note 39 to the condensed consolidated interim financial statements.

2015 to 2014 first nine months comparison

Net income grew by € 203 MN to € 5,488 MN, driven by our higher non-operating result. *Net income attributable to shareholders* and *non-controlling interests* amounted to € 5,198 MN (9M 2014: € 5,002 MN) and € 290 MN (9M 2014: € 283 MN), respectively.

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Total revenues[1]	**27,531**	**28,781**	**95,469**	**92,201**
Premiums earned (net)	17,157	17,035	52,692	50,421
Operating investment result				
Interest and similar income	5,580	5,299	16,948	15,976
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,254)	(177)	(1,901)	(449)
Operating realized gains/losses (net)	1,279	709	5,468	2,272
Interest expenses, excluding interest expenses from external debt	(86)	(103)	(284)	(303)
Operating impairments of investments (net)	(835)	(106)	(1,038)	(453)
Investment expenses	(268)	(261)	(770)	(693)
Subtotal	**4,416**	**5,360**	**18,423**	**16,352**
Fee and commission income	2,746	2,590	8,063	7,536
Other income	38	37	394	160
Claims and insurance benefits incurred (net)	(12,469)	(12,368)	(37,567)	(36,434)
Change in reserves for insurance and investment contracts (net)[2]	(1,986)	(3,419)	(11,685)	(10,457)
Loan loss provisions	(15)	(7)	(39)	(31)
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(6,428)	(5,839)	(19,017)	(16,995)
Fee and commission expenses	(952)	(847)	(2,842)	(2,459)
Operating amortization of intangible assets	(5)	(5)	(14)	(14)
Restructuring charges	(40)	(1)	(190)	8
Other expenses	(33)	(46)	(93)	(101)
Reclassification of tax benefits	21	158	25	158
Operating profit	**2,452**	**2,650**	**8,149**	**8,144**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(12)	(54)	(124)	(155)
Non-operating realized gains/losses (net)	150	184	892	552
Non-operating impairments of investments (net)	(155)	(50)	(218)	(139)
Subtotal	**(17)**	**79**	**550**	**258**
Income from fully consolidated private equity investments (net)	(13)	(11)	(18)	(16)
Interest expenses from external debt	(212)	(212)	(637)	(623)
Acquisition-related expenses	1	–	11	6
One-off effects from pension revaluation	–	–	–	117
Non-operating amortization of intangible assets	(31)	(29)	(99)	(69)
Reclassification of tax benefits	(21)	(158)	(25)	(158)
Non-operating items	**(293)**	**(331)**	**(217)**	**(485)**
Income before income taxes	**2,159**	**2,319**	**7,932**	**7,658**
Income taxes	(720)	(632)	(2,444)	(2,373)
Net income	**1,440**	**1,687**	**5,488**	**5,285**
Net income attributable to:				
Non-controlling interests	81	81	290	283
Shareholders	1,359	1,606	5,198	5,002
Basic earnings per share in €	2.99	3.54	11.44	11.02
Diluted earnings per share in €	2.98	3.52	11.43	10.95

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
2 — For the three months ended 30 September 2015, expenses for premium refunds (net) in Property-Casualty of € (8) MN (3Q 2014: € (93) MN) are included. For the nine months ended 30 September 2015, expenses for premium refunds (net) in the business segment Property-Casualty of € (177) MN (9M 2014: € (224) MN) are included.

Risk management

Risk management is an integral part of our business and supports our value-based management. For further information about our approach, please refer to the Risk and Opportunity Report in our Annual Report 2014. The Allianz Group's management feels comfortable with the Group's overall risk profile and has confidence in the effectiveness of its risk management framework to meet the challenges of a rapidly changing environment as well as day-to-day business needs. The risk profile described in the latest Risk and Opportunity Report remains largely unchanged. We consider the current state of the economy, combined with the persisting low interest rate environment in the Eurozone – fueled by an expansive monetary policy – as a rising risk to achieving our investment targets. Also, continuing geopolitical uncertainties represent risks we are monitoring closely. In addition, Allianz continues to be exposed to regulatory developments – especially the European solvency directive (Solvency II) and the designation of Allianz as a global systemically important insurer (a so-called G-SIIs).

FINANCIAL MARKET AND OPERATING ENVIRONMENT DEVELOPMENTS

The European Central Bank is continuing its expansive monetary policy in order to fight low inflation rates and stimulate the Eurozone economy. As a result, financial markets are characterized by historically low interest rates and risk premia, prompting investors to look for higher yielding – and potentially higher risk – investments. In addition to sustained low interest rates, consistent with the recent Federal Reserve Bank decision not to increase rates, the challenges of implementing long-term structural reforms in key Eurozone countries and the uncertainty about the future path of monetary policy may lead to higher market volatility. This could be accompanied by a flight to quality and a scenario with falling equity and bond prices due to rising spread levels even in the face of potentially lower interest rates. Also, the potential for asset bubbles (as observed in the Chinese equity market) might spill over to other markets, contributing to increasing volatility.

The persisting geopolitical risks, including the conflicts in the Middle East, are manageable for the Allianz Group since our direct investment exposure to this region remains relatively small in the context of our overall investment portfolio. Nevertheless, we are monitoring these developments since a significant deterioration may lead to spillover effects on global financial markets, triggering indirect results that may have a negative impact on our business and risk profile. Over the past years, Allianz Group and its operating entities have developed operational contingency plans for various crisis scenarios. We continue to conduct scenario analyses on a regular basis to bolster our financial and operational resilience to strong shock scenarios. In addition, we continue to optimize our product design and pricing in the Life/Health business segment with respect to guarantees and surrender conditions. Continuous monitoring, as well as prudent risk positions and contingency planning, remain priorities for our management.

REGULATORY DEVELOPMENTS

In March 2014, the European Parliament approved the Solvency II "Omnibus II" directive, allowing the new risk-based solvency capital framework for the E.U. to proceed with a planned introduction date of January 2016. In the context of the approval process for Allianz's internal model, which was submitted to regulators in the second quarter, uncertainties remain with respect to additional requirements regulators may impose on us. This could potentially affect Allianz capital requirements.

In addition to Solvency II uncertainty, the future capital requirements applicable for G-SIIs are also unclear, contributing to uncertainty in terms of the ultimate capital requirements for Allianz. Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational complexity and costs.

In any case, the Solvency II regime will lead to higher volatility in solvency ratios compared to Solvency I, due to the market value balance sheet approach.

Events after the balance sheet date

For information on events after the balance sheet date, please refer to note 41 to the condensed consolidated interim financial statements.

Other information

RECENT ORGANIZATIONAL CHANGES

For more information on recent organizational changes, please refer to note 4 to the condensed consolidated interim financial statements.

STRATEGY

The Allianz Group's strategy is described in the Strategy and Steering chapter in our Annual Report 2014. There have been no material changes to our Group strategy.

PRODUCTS, SERVICES AND SALES CHANNELS

For an overview of the products and services offered by the Allianz Group as well as of sales channels, please refer to the Business Operations and Markets chapter in our Annual Report 2014. Information on our brand can also be found in the Progress in Sustainable Development chapter in our Annual Report 2014.

Property-Casualty Insurance Operations

THIRD QUARTER 2015

– Gross premiums written increased by 2.4 % to € 11.5 BN.
– Operating profit down by 5.0 % to € 1,352 MN, mainly due to a weaker investment result and a higher impact from natural catastrophes.
– Combined ratio strong at 94.1 %.

Business segment overview

Our Property-Casualty business offers a wide range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as motor, accident/disability, property and general liability. We conduct business worldwide in more than 70 countries. We are also a global leader in travel insurance, assistance services and credit insurance. We distribute our products via a broad network of agents, brokers, banks and other strategic partners, as well as through direct channels.

Key figures

KEY FIGURES PROPERTY-CASUALTY

€ MN three months ended 30 September	2015	2014
Gross premiums written	11,521	11,254
Operating profit	1,352	1,422
Net income	1,019	1,083
Loss ratio in %	65.9	65.9
Expense ratio in %	28.3	27.6
Combined ratio in %	94.1	93.5

Gross premiums written[1]

2015 to 2014 third quarter comparison

On a nominal basis, we recorded *gross premiums written* of € 11,521 MN, an increase of € 268 MN or 2.4 % compared to the third quarter of 2014. Foreign currency translation effects were € 224 MN, largely due to a strong U.S. Dollar, British Pound and Swiss Franc against the Euro.[2]

Consolidation/deconsolidation effects were largely offsetting. The acquisition of a part of the insurance business of UnipolSai and the takeover of the Property-Casualty insurance business of the Territory Insurance Office in Australia were largely compensated for by the sale of the Fireman's Fund personal insurance business to ACE Limited and by the downscaling of our retail business in Russia.

On an internal basis, our gross premiums written grew by 0.4 %. We registered a positive price effect of 0.6 %, which was partially offset by a 0.2 % negative volume impact.

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 3Q 2015 internal growth over 3Q 2014:

Cluster 1:
Overall growth – both price and volume effects are positive.

Cluster 2:
Overall growth – either price or volume effects are positive.

Cluster 3:
Overall decline – either price or volume effects are negative.

Cluster 4:
Overall decline – both price and volume effects are negative.

1 — We comment on the development of our gross premiums written on an internal basis, meaning adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.
2 — Based on the average exchange rates in 2015 compared to 2014.

CLUSTER 1

In *France,* gross premiums increased to € 981 MN. The internal growth of 1.9 % was mainly due to positive price effects in our commercial insurance business and favorable volume impacts in our property and motor business.

In *Australia,* we recorded gross premiums of € 802 MN – up 4.2 % on an internal basis. This was equally impacted by both positive price and volume effects.

At *Allianz Worldwide Partners,* gross premiums amounted to € 778 MN. The strong internal growth of 12.1 % was mainly driven by positive volume effects across all our lines of business.

In *Spain,* gross premiums grew to € 469 MN – an increase of 7.3 % on an internal basis. This largely reflected positive price and volume effects in our motor and personal lines of business.

In *Turkey*, gross premiums increased to € 271 MN. The strong internal growth of 37.6 % mainly stemmed from positive volume effects across all our lines of business, but especially from our motor third-party liability insurance business.

CLUSTER 2

In *Latin America,* gross premiums were € 507 MN, a rise of 2.4 % on an internal basis. This was mainly due to positive volume effects across all our lines of business in Argentina, particularly in our motor business. However, this result was largely offset by negative volume impacts in our health business in Brazil.

In *Central and Eastern Europe,* gross premiums stood at € 413 MN – up 2.0 % on an internal basis. This was driven by positive volume growth in our motor business in the Czech Republic, although unfavorable price impacts in Poland had slightly offsetting effects.

In *Switzerland,* gross premiums went up to € 294 MN. The internal growth of 0.6 % was mainly driven by positive volume effects in our motor and legal assistance business that more than compensated a negative price effect.

CLUSTER 3

In *Germany,* gross premiums went down slightly to € 1,951 MN. The decrease of 0.6 % on an internal basis mostly resulted from negative volume effects in our APR (accident insurance with premium refunds) business and our retail motor business.

In *Italy,* we recorded gross premiums of € 1,003 MN – a decline of 1.7 % on an internal basis. This was largely driven by unfavorable price effects in our motor business and was partly offset by positive volume effects.

In the *United Kingdom,* gross premiums were at € 761 MN. The decrease of 0.2 % on an internal basis was due to negative volume effects in our retail motor business while positive price effects in our pet insurance business had compensating impacts.

In *Russia,* gross premiums fell to € 41 MN – a decline of 26.2 % adjusted for foreign currency effects and the downscaling of our retail business. This mainly resulted from lower volumes in our health business.

CLUSTER 4

At *AGCS incl. FFIC*, gross premiums were € 1,990 MN. The decline of 8.4 % on an internal basis was largely due to negative volume effects in our aviation, marine and engineering lines of business.

In *Credit Insurance,* gross premiums decreased to € 526 MN – down by 4.2 % on an internal basis. The main driver was negative price effects, partially offset by favorable volume effects in Asia and the Middle East.

In *Asia Pacific,* gross premiums decreased to € 195 MN – down 2.8 % on an internal basis. The decline was mainly caused by negative volume effects in Malaysia and Indonesia, but slightly offset by China.

2015 to 2014 first nine months comparison

On a nominal basis, *gross premiums written* went up by 9.1 %. On an internal basis, the increase was 2.6 % comprising a positive volume effect of 2.2 % and a positive price effect of 0.4 %.

Operating profit

OPERATING PROFIT

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Underwriting result	627	650	1,876	1,871
Operating investment income (net)	717	770	2,356	2,323
Other result[1]	7	2	150	64
Operating profit	**1,352**	**1,422**	**4,382**	**4,257**

1 — Consists of fee and commission income/expenses, other income/expenses and restructuring charges.

2015 to 2014 third quarter comparison

Operating profit decreased by € 71 MN to € 1,352 MN. This was driven by a combination of lower investment income – mainly from a negative foreign currency result net of hedges – and a lower underwriting result.

Driven by higher losses from natural catastrophes, large claims and higher expenses, that were only partially offset by a higher run-off contribution, our *underwriting result* fell by € 24 MN to € 627 MN. Our *combined ratio* worsened by 0.6 percentage points to 94.1 %.

UNDERWRITING RESULT

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Premiums earned (net)	11,733	11,180	34,804	32,291
Accident year claims	(8,245)	(7,656)	(24,249)	(22,088)
Previous year claims (run-off)	517	290	1,278	909
Claims and insurance benefits incurred (net)	(7,728)	(7,366)	(22,970)	(21,179)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(3,316)	(3,089)	(9,773)	(9,037)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(62)	(74)	(186)	(204)
Underwriting result	**627**	**650**	**1,876**	**1,871**

1 — Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Our *accident year loss ratio* stood at 70.3 % – a 1.8 percentage point increase compared to the previous year's third quarter. This was driven by an increase in losses from natural catastrophes from an extraordinarily low level of € 7 MN in the third quarter of 2014 to € 144 MN. It resulted in a higher impact on our combined ratio of 1.2 percentage points.

Excluding losses from natural catastrophes, our accident year loss ratio deteriorated by 0.6 percentage points to 69.0 %. This was driven by a higher impact from large claims and reserve strengthening of our motor book in Argentina.

The following operations contributed positively to the development of our accident year loss ratio:

Allianz Worldwide Partners: 0.3 percentage points. The loss ratio for our B2B2C business improved, driven by our global assistance business.

Australia: 0.1 percentage points. This was largely because of a better attritional loss ratio based on a favorable development of attritional severity and frequency across the portfolio.

Latin America: 0.1 percentage points. This improvement is the result of the turn-around program in our Brazilian organization where the health portfolio measures are beginning to show effect. This more than compensated for the negative impact from reserve strengthening of our motor book in Argentina.

The following operations contributed negatively to the development of our accident year loss ratio:

Germany: 0.8 percentage points. After the very low level of claims from natural catastrophes in the third quarter of 2014, this quarter's accident year loss ratio was heavily affected by claims caused by the storms Siegfried and Thompson.

Reinsurance: 0.5 percentage points. This stemmed from an increased impact of losses from both natural catastrophes and large claims, including the explosion in Tianjin.

United Kingdom: 0.4 percentage points. This was mainly driven by our retail motor portfolio and a higher impact of large losses in our property insurance business.

Our *run-off result* amounted to € 517 MN, compared to € 290 MN in the previous year's third quarter – resulting in a run-off contribution of 4.4 %. The 1.8 percentage points increase compared to the previous year's run-off ratio was driven by a 1.6 percentage points negative impact of reserve strengthening for the former Fireman's Fund portfolio in the third quarter of the previous year.

Total expenses amounted to € 3,316 MN in the third quarter of 2015, compared to € 3,089 MN in the same period of 2014. Our *expense ratio* deteriorated by 0.6 percentage points to 28.3 %. This was equally driven by higher acquisition and administrative expenses due to a change in business mix and one-off effects.

OPERATING INVESTMENT INCOME (NET)[1]

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Interest and similar income (net of interest expenses)	882	878	2,686	2,640
Operating income from financial assets and liabilities carried at fair value through income (net)	(86)	4	(53)	20
Operating realized gains/losses (net)	57	74	195	129
Operating impairments of investments (net)	(41)	(4)	(49)	(10)
Investment expenses	(85)	(88)	(247)	(232)
Expenses for premium refunds (net)[2]	(8)	(93)	(177)	(224)
Operating investment income (net)	**717**	**770**	**2,356**	**2,323**

1 — The operating investment income (net) for our Property-Casualty business segment consists of the operating investment result – as shown in note 4 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation) as shown in note 29 to the condensed consolidated interim financial statements.
2 — Refers to policyholder participation, mainly from APR (accident insurance with premium refunds) business, and consists of the investment-related part of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Operating investment income (net) declined by € 53 MN to € 717 MN. The decrease was driven by a unfavorable foreign currency result net of hedges.

Interest and similar income (net of interest expenses) remained stable at € 882 MN. The increase in income on equities was largely offset by lower income on debt securities. The average asset base[1] was up by 5.0 % from € 104.9 BN in the third quarter of 2014 to € 110.1 BN in the third quarter of 2015.

1 — Including French health business, excluding fair value option and trading.

Operating income from financial assets and liabilities carried at fair value through income (net) fell by € 90 MN to a loss of € 86 MN. This was driven by unfavorable developments in the foreign currency result net of hedges primarily related to emerging market bonds denominated in local currency.

Operating realized gains and losses (net) went down by € 17 MN to € 57 MN mainly due to lower realizations on equities compared to the previous year's third quarter.

Operating impairments of investments increased by € 37 MN to € 41 MN due to impairments on equity securities.

Expenses for premium refunds (net) decreased by € 85 MN to € 8 MN. This was largely driven by lower policyholder participation attributable to the lower investment result related to our APR business.

OTHER RESULT

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Fee and commission income	372	347	1,087	955
Other income[1]	(4)	7	248	46
Fee and commission expenses	(345)	(323)	(1,025)	(894)
Other expenses	(11)	(24)	(25)	(38)
Restructuring charges	(4)	(5)	(134)	(6)
Other result	**7**	**2**	**150**	**64**

1 — We recorded a € 0.2 BN net gain from the sale of the Fireman's Fund personal insurance business, which is reported as other income for the nine months ended 30 September.

2015 to 2014 first nine months comparison

Operating profit rose by € 125 MN to € 4,382 MN, which included the net gain of € 0.2 BN from the sale of the Fireman's Fund personal insurance business to ACE Limited in the second quarter. This was partly offset by restructuring charges of € 0.1 BN for the Fireman's Fund reorganization mainly booked in the first quarter of 2015. The operating investment income (net) increased by € 33 MN to € 2,356 MN.

Our *combined ratio* worsened by 0.5 percentage points to 94.1 %. This was the result of a 0.7 percentage points higher impact from natural catastrophes. This negative development in the combined ratio was partially compensated for by a higher contribution from run-off.

Net income

2015 to 2014 third quarter comparison

Net income decreased by € 64 MN and stood at € 1,019 MN. In addition to the lower operating profit, this decrease was further impacted by higher impairments on debt and equity securities, partially offset by higher realizations.

2015 to 2014 first nine months comparison

Net income amounted to € 3,285 MN – a € 587 MN increase compared to the first nine months of 2014. The increase mostly stemmed from a lower one-off expense from pension revaluation and higher non-operating realized gains in the first and second quarter of the current year.

PROPERTY-CASUALTY BUSINESS SEGMENT INFORMATION

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Gross premiums written[1]	**11,521**	**11,254**	**40,704**	**37,317**
Ceded premiums written	(1,033)	(959)	(4,192)	(3,122)
Change in unearned premiums	1,244	885	(1,707)	(1,904)
Premiums earned (net)	**11,733**	**11,180**	**34,804**	**32,291**
Interest and similar income	894	897	2,741	2,689
Operating income from financial assets and liabilities carried at fair value through income (net)	(86)	4	(53)	20
Operating realized gains/losses (net)	57	74	195	129
Fee and commission income	372	347	1,087	955
Other income	(4)	7	248	46
Operating revenues	**12,965**	**12,509**	**39,022**	**36,130**
Claims and insurance benefits incurred (net)	(7,728)	(7,366)	(22,970)	(21,179)
Change in reserves for insurance and investment contracts (net)	(71)	(168)	(362)	(428)
Interest expenses	(12)	(20)	(55)	(49)
Operating impairments of investments (net)	(41)	(4)	(49)	(10)
Investment expenses	(85)	(88)	(247)	(232)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(3,316)	(3,089)	(9,773)	(9,037)
Fee and commission expenses	(345)	(323)	(1,025)	(894)
Restructuring charges	(4)	(5)	(134)	(6)
Other expenses	(11)	(24)	(25)	(38)
Operating expenses	**(11,614)**	**(11,086)**	**(34,640)**	**(31,873)**
Operating profit	**1,352**	**1,422**	**4,382**	**4,257**
Non-operating items	45	86	175	(405)
Income before income taxes	**1,396**	**1,509**	**4,556**	**3,852**
Income taxes	(378)	(426)	(1,272)	(1,155)
Net income	**1,019**	**1,083**	**3,285**	**2,697**
Loss ratio[2] in %	65.9	65.9	66.0	65.6
Expense ratio[3] in %	28.3	27.6	28.1	28.0
Combined ratio[4] in %	**94.1**	**93.5**	**94.1**	**93.6**

1 — For the Property-Casualty business segment, total revenues are measured based upon gross premiums written.
2 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty insurance operations by reportable segments – third quarter

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
three months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014
Germany	1,951	1,979	1,951	1,962	1,999	2,016	265	350
Switzerland	294	259	261	259	397	354	56	39
Austria	212	209	212	209	210	207	12	15
Central and Eastern Europe[2]	413	404	412	404	361	353	35	27
Poland	99	101	100	101	87	89	1	4
Slovakia	78	80	78	80	68	68	11	11
Hungary	63	61	63	61	56	56	6	5
Czech Republic	79	71	78	71	71	63	9	11
Other	93	91	93	91	79	77	8	(5)
German Speaking Countries and Central & Eastern Europe	**2,871**	**2,851**	**2,836**	**2,834**	**2,967**	**2,930**	**369**	**430**
Italy[3]	1,003	933	917	933	1,163	971	305	274
France	981	962	981	962	1,010	988	102	141
Benelux	254	245	254	245	271	262	32	25
Turkey	271	218	300	218	235	229	31	30
Greece	23	25	23	25	21	23	4	3
Africa	20	21	20	21	19	16	3	4
Middle East	19	16	17	16	15	12	2	2
Western & Southern Europe, Middle East, Africa and India[4]	**2,572**	**2,422**	**2,512**	**2,422**	**2,735**	**2,502**	**484**	**482**
Spain	469	437	469	437	485	459	91	69
Portugal	74	67	74	67	73	69	6	5
Latin America	507	581	595	581	379	427	(70)	(38)
Iberia & Latin America	**1,051**	**1,086**	**1,139**	**1,086**	**937**	**955**	**27**	**37**
Allianz Global Corporate & Specialty[5]	1,990	1,365	1,751	1,911	1,296	817	88	172
AGCS excl. Fireman's Fund	1,414	1,365	1,268	1,361	898	817	133	172
Fireman's Fund	576	–	483	550	398	–	(46)	–
Reinsurance PC[6]	982	833	974	833	1,011	774	130	103
Reinsurance PC excl. San Francisco RE	982	833	974	833	1,011	774	119	103
San Francisco RE	–	–	–	–	–	–	11	–
United Kingdom	761	690	689	690	595	639	49	67
Credit Insurance	526	530	507	530	381	366	75	71
Ireland	123	106	123	106	112	100	–	13
United States[7]	–	612	–	–	–	569	–	(151)
Australia[8]	802	799	832	799	590	575	71	84
Russia	41	115	60	82	44	143	10	(21)
Ukraine	1	3	2	3	1	2	–	1
Global Insurance Lines & Anglo Markets[9]	**5,226**	**5,052**	**4,938**	**4,952**	**4,029**	**3,985**	**416**	**342**
Asia Pacific	**195**	**201**	**195**	**201**	**124**	**116**	**16**	**17**
Allianz Worldwide Partners[10]	**778**	**656**	**735**	**656**	**940**	**691**	**41**	**28**
Consolidation and Other[11,12]	(1,172)	(1,013)	(1,169)	(1,010)	–	–	–	86
Total	**11,521**	**11,254**	**11,186**	**11,141**	**11,733**	**11,180**	**1,352**	**1,422**

1 — This reflects gross premiums written on an internal basis, adjusted for foreign currency translation and (de-)consolidation effects.
2 — Includes income and expense items from a management holding and consolidations between countries in this region.
3 — Effective 1 July 2014, the Allianz Group acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A., Bologna.
4 — Includes € 1 MN and € 2 MN operating profit for 2015 and 2014, respectively, from a management holding located in Luxembourg. Includes € 5 MN operating profit for 2015 from an associated entity in Asia Pacific.
5 — Effective 1 January 2015, Fireman's Fund Insurance Company was integrated into AGCS Group. Previous period figures were not adjusted. The sale of the renewal rights for personal lines was effective 1 April 2015.
6 — The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of Fireman's Fund Insurance Company, have been reported within Reinsurance PC since 1 January 2015.
7 — Previous period figures for the United States were not adjusted and include the prior year's business of Fireman's Fund Insurance Company.

%	Combined ratio		Loss ratio		Expense ratio	
three months ended 30 September	2015	2014	2015	2014	2015	2014
Germany	92.6	90.3	67.4	64.6	25.1	25.7
Switzerland	89.4	90.2	65.2	67.1	24.3	23.1
Austria	96.5	95.8	72.5	72.9	24.0	22.9
Central and Eastern Europe[2]	95.3	98.1	63.4	65.1	32.0	33.0
Poland	103.5	99.6	71.3	65.2	32.2	34.4
Slovakia	87.6	88.0	53.8	53.7	33.7	34.3
Hungary	101.2	102.4	63.9	63.9	37.3	38.5
Czech Republic	89.3	86.2	64.6	60.8	24.7	25.5
Other	–[13]	–[13]	–[13]	–[13]	–[13]	–[13]
German Speaking Countries and Central & Eastern Europe	**92.8**	**91.6**	**67.0**	**65.5**	**25.8**	**26.1**
Italy[3]	80.1	78.4	53.8	52.2	26.4	26.2
France	97.9	92.1	69.2	64.6	28.7	27.5
Benelux	93.6	96.0	64.4	65.2	29.1	30.8
Turkey	97.3	95.8	74.3	73.3	23.0	22.5
Greece	86.5	89.9	50.6	53.1	35.8	36.8
Africa	88.3	93.3	53.4	52.2	34.9	41.1
Middle East	98.1	95.1	62.8	60.3	35.4	34.8
Western & Southern Europe, Middle East, Africa and India[4]	**89.7**	**87.6**	**62.3**	**60.5**	**27.4**	**27.1**
Spain	84.9	88.8	63.4	67.4	21.5	21.4
Portugal	95.1	96.7	71.8	74.0	23.3	22.7
Latin America	124.7	113.2	86.4	81.4	38.4	31.8
Iberia & Latin America	**101.8**	**100.3**	**73.3**	**74.1**	**28.4**	**26.1**
Allianz Global Corporate & Specialty[5]	98.6	89.7	70.4	62.7	28.2	27.0
AGCS excl. Fireman's Fund	90.4	89.7	64.0	62.7	26.4	27.0
Fireman's Fund	117.1	–	84.8	–	32.3	–
Reinsurance PC[6]	91.9	90.1	62.1	61.1	29.8	29.0
Reinsurance PC excl. San Francisco RE	91.5	90.1	62.1	61.1	29.4	29.0
San Francisco RE	–	–	–	–	–	–
United Kingdom	97.6	94.7	68.6	63.8	28.9	30.8
Credit Insurance	88.3	80.1	57.3	51.0	31.0	29.1
Ireland	102.3	94.6	75.0	66.4	27.3	28.1
United States[7]	–	136.5	–	107.5	–	29.1
Australia[8]	95.4	96.8	69.2	72.3	26.3	24.5
Russia	89.6	121.0	62.9	80.6	26.7	40.4
Ukraine	97.4	87.4	35.6	56.2	61.8	31.2
Global Insurance Lines & Anglo Markets[9]	**95.5**	**98.6**	**66.8**	**69.9**	**28.7**	**28.7**
Asia Pacific	**95.9**	**93.6**	**64.7**	**63.3**	**31.2**	**30.3**
Allianz Worldwide Partners[10]	**97.3**	**97.1**	**61.2**	**65.3**	**36.1**	**31.8**
Consolidation and Other[11,12]	–	–	–	–	–	–
Total	**94.1**	**93.5**	**65.9**	**65.9**	**28.3**	**27.6**

8 — Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO Business), Darwin.

9 — Includes € (6) MN operating loss and € 4 MN operating profit for 2015 and 2014, respectively, from AGF UK.

10 — The reportable segment Allianz Worldwide Partners includes the Global Assistance business as well as the business of Allianz Worldwide Care and the reinsurance business of Allianz Global Automotive in addition to income and expenses from a management holding. In the fourth quarter of 2014, the French International Health business was reclassified from the business segment Life/Health to the reportable segment Allianz Worldwide Partners effective 1 January 2014.

11 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

12 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN reflected in the operating profit for 2014.

13 — Presentation not meaningful.

Property-Casualty insurance operations by reportable segments – first nine months

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
nine months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014
Germany	7,925	7,853	7,925	7,853	5,866	5,858	868	1,004
Switzerland	1,553	1,356	1,359	1,356	1,231	1,073	173	148
Austria	786	781	786	781	623	625	57	56
Central and Eastern Europe[2]	1,318	1,283	1,315	1,283	1,056	1,027	111	108
Poland	311	316	310	316	258	262	6	13
Slovakia	261	260	261	260	199	199	40	42
Hungary	211	210	211	210	166	167	18	17
Czech Republic	240	219	238	219	201	181	25	31
Other	294	278	295	279	232	218	23	6
German Speaking Countries and Central & Eastern Europe	**11,581**	**11,273**	**11,385**	**11,273**	**8,776**	**8,583**	**1,209**	**1,317**
Italy[3]	3,382	2,906	2,868	2,906	3,521	2,898	815	732
France	3,423	3,309	3,417	3,375	2,996	2,940	349	377
Benelux	922	905	922	905	804	796	79	68
Turkey	898	765	904	765	709	670	77	69
Greece	77	83	77	83	62	67	12	13
Africa	83	77	83	77	53	46	8	7
Middle East	67	55	57	55	46	37	8	6
Western & Southern Europe, Middle East, Africa and India[4]	**8,853**	**8,100**	**8,328**	**8,166**	**8,191**	**7,454**	**1,369**	**1,278**
Spain	1,642	1,552	1,642	1,552	1,418	1,354	207	200
Portugal	271	251	271	251	213	204	18	17
Latin America	1,579	1,504	1,673	1,504	1,200	1,273	(86)	7
Iberia & Latin America	**3,491**	**3,307**	**3,585**	**3,307**	**2,831**	**2,831**	**139**	**225**
Allianz Global Corporate & Specialty[5]	6,470	4,217	5,651	5,648	3,787	2,283	360	417
AGCS excl. Fireman's Fund	4,868	4,217	4,332	4,208	2,620	2,283	416	417
Fireman's Fund	1,602	–	1,318	1,439	1,167	–	(56)	–
Reinsurance PC[6]	4,022	3,085	3,987	3,085	3,022	2,278	478	395
Reinsurance PC excl. San Francisco RE	4,022	3,085	3,987	3,085	3,022	2,278	451	395
San Francisco RE	–	–	–	–	–	–	27	–
United Kingdom	2,316	2,021	2,077	2,021	1,739	1,787	126	145
Credit Insurance	1,752	1,672	1,678	1,672	1,174	1,110	314	307
Ireland	384	341	384	341	318	284	39	26
United States[7]	–	1,525	–	–	–	1,394	–	(159)
Australia[8]	2,271	2,077	2,175	2,077	1,767	1,631	183	240
Russia	168	494	233	314	176	433	9	(155)
Ukraine	4	12	6	12	3	6	–	–
Global Insurance Lines & Anglo Markets[9]	**17,388**	**15,444**	**16,192**	**15,170**	**11,986**	**11,205**	**1,502**	**1,219**
Asia Pacific	**621**	**549**	**575**	**549**	**383**	**323**	**58**	**56**
Allianz Worldwide Partners[10]	**3,231**	**2,129**	**2,992**	**2,714**	**2,637**	**1,895**	**106**	**77**
Consolidation and Other[11,12]	(4,462)	(3,486)	(4,453)	(3,543)	–	–	–	86
Total	**40,704**	**37,317**	**38,604**	**37,637**	**34,804**	**32,291**	**4,382**	**4,257**

1 — This reflects gross premiums written on an internal basis, adjusted for foreign currency translation and (de-)consolidation effects.

2 — Includes income and expense items from a management holding and consolidations between countries in this region.

3 — Effective 1 July 2014, the Allianz Group acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A., Bologna.

4 — Includes € 4 MN and € 6 MN operating profit for 2015 and 2014, respectively, from a management holding located in Luxembourg. Includes € 16 MN operating profit for 2015 from an associated entity in Asia Pacific.

5 — Effective 1 January 2015, Fireman's Fund Insurance Company was integrated into AGCS Group. Previous period figures were not adjusted. The sale of the renewal rights for personal lines was effective 1 April 2015. 9M 2015 figures include the net gain on the sale of the personal insurance business to ACE Limited of € 0.2 BN.

6 — The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of Fireman's Fund Insurance Company, have been reported within Reinsurance PC since 1 January 2015.

7 — Previous period figures for the United States were not adjusted and include the prior year's business of Fireman's Fund Insurance Company.

%	Combined ratio		Loss ratio		Expense ratio	
nine months ended 30 September	2015	2014	2015	2014	2015	2014
Germany	92.2	91.0	67.6	65.3	24.7	25.7
Switzerland	90.7	90.4	67.2	67.5	23.6	22.9
Austria	94.4	94.6	68.7	69.2	25.7	25.4
Central and Eastern Europe[2]	95.0	95.0	62.3	61.9	32.8	33.1
Poland	102.4	99.4	69.2	65.0	33.2	34.4
Slovakia	84.7	84.1	52.9	52.2	31.7	31.9
Hungary	101.3	102.8	61.2	63.1	40.0	39.7
Czech Republic	90.6	85.4	64.3	58.2	26.2	27.2
Other	–[13]	–[13]	–[13]	–[13]	–[13]	–[13]
German Speaking Countries and Central & Eastern Europe	**92.5**	**91.6**	**67.0**	**65.4**	**25.6**	**26.2**
Italy[3]	83.2	81.7	56.6	55.2	26.6	26.4
France	96.0	94.3	67.5	66.2	28.5	28.0
Benelux	96.3	98.1	67.5	67.8	28.7	30.3
Turkey	99.4	97.7	75.9	74.9	23.5	22.8
Greece	85.6	84.1	52.2	49.3	33.4	34.8
Africa	90.8	93.5	56.6	54.2	34.2	39.2
Middle East	93.8	97.4	60.7	62.9	33.2	34.5
Western & Southern Europe, Middle East, Africa and India[4]	**90.7**	**90.0**	**63.3**	**62.7**	**27.3**	**27.3**
Spain	89.1	89.3	68.2	68.5	20.9	20.8
Portugal	95.2	95.8	71.8	73.0	23.4	22.7
Latin America	113.9	106.4	77.5	74.8	36.4	31.6
Iberia & Latin America	**100.1**	**97.5**	**72.4**	**71.7**	**27.6**	**25.8**
Allianz Global Corporate & Specialty[5]	102.8	92.9	72.4	65.7	30.3	27.2
AGCS excl. Fireman's Fund	92.5	92.9	65.0	65.7	27.6	27.2
Fireman's Fund	125.7	–	89.2	–	36.5	–
Reinsurance PC[6]	88.9	86.2	59.7	57.9	29.2	28.3
Reinsurance PC excl. San Francisco RE	88.6	86.2	59.7	57.9	28.9	28.3
San Francisco RE	–	–	–	–	–	–
United Kingdom	97.9	96.8	68.0	65.2	29.8	31.6
Credit Insurance	80.7	77.7	51.1	48.2	29.6	29.5
Ireland	93.0	97.8	64.5	67.3	28.4	30.5
United States[7]	–	123.4	–	89.1	–	34.3
Australia[8]	97.9	95.7	71.5	71.0	26.4	24.7
Russia	104.1	141.8	66.9	96.5	37.1	45.3
Ukraine	107.9	109.8	54.3	59.1	53.6	50.7
Global Insurance Lines & Anglo Markets[9]	**95.5**	**96.9**	**66.1**	**67.2**	**29.4**	**29.7**
Asia Pacific	**93.1**	**90.6**	**61.5**	**60.9**	**31.6**	**29.7**
Allianz Worldwide Partners[10]	**97.2**	**96.8**	**64.4**	**64.7**	**32.8**	**32.0**
Consolidation and Other[11,12]	–	–	–	–	–	–
Total	**94.1**	**93.6**	**66.0**	**65.6**	**28.1**	**28.0**

8 — Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO Business), Darwin.

9 — Includes € (8) MN operating loss and € 4 MN operating profit for 2015 and 2014, respectively, from AGF UK.

10 — The reportable segment Allianz Worldwide Partners includes the Global Assistance business as well as the business of Allianz Worldwide Care and the reinsurance business of Allianz Global Automotive in addition to income and expenses from a management holding. In the fourth quarter of 2014, the French International Health business was reclassified from the business segment Life/Health to the reportable segment Allianz Worldwide Partners effective 1 January 2014.

11 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

12 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN reflected in the operating profit for 2014.

13 — Presentation not meaningful.

Life/Health Insurance Operations

THIRD QUARTER 2015

– Statutory premiums decreased 9.7 % to € 14.3 BN.
– Operating profit down € 52 MN to € 738 MN.

Business segment overview

Allianz offers a broad range of life, health, savings and investment-oriented products, including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers and bank partnerships – we offer life and health products to both retail and corporate clients. As one of the worldwide market leaders in life business, we serve customers in more than 45 countries.

Key figures

KEY FIGURES LIFE/HEALTH

€ MN three months ended 30 September	2015	2014
Statutory premiums[1]	14,313	15,853
Operating profit[1]	738	790
Net income[1]	547	530
Margin on reserves (BPS)[1,2]	52	61

Statutory premiums[3,4]

2015 to 2014 third quarter comparison

On a nominal basis, we recorded *statutory premiums* of € 14,313 MN, down € 1,540 MN compared to the third quarter of 2014. This development includes favorable foreign currency translation effects of € 523 MN and adverse consolidation/deconsolidation effects of € 151 MN stemming from the 2014 reclassification of the French International Health business[1].

On an internal basis[4], statutory premiums decreased by € 1,913 MN – or 12.2 % – to € 13,790 MN. As a result of changes in our product strategy, premiums continued to shift towards unit-linked and capital-efficient products. The reduced sales of traditional products in Germany and Italy and the non-recurrence of the elevated premiums from fixed-indexed annuity business in the United States in the third quarter of 2014 outweighed the premium growth in the unit-linked business in Benelux and Taiwan.

In the *German* life business, we recorded statutory premiums of € 3,426 MN. The drop of 20.2 % on an internal basis was attributable to lower single premium business, which saw reduced sales of traditional life products – which include long-term interest rate guarantees. This was partly offset by growth in the regular premium business. Statutory premiums in the German health business went up to € 819 MN. The rise of 0.3 % on an internal basis resulted from premium rate increases in comprehensive insurance in January 2015 and higher sales in the supplementary coverage insurance lines.

In the *United States*, statutory premiums amounted to € 2,434 MN, down 29.6 % on an internal basis. We experienced lower fixed-indexed annuity sales due to both the impact of pricing changes made in the first half of 2015, in response to the low interest rate environment, as well as market developments. We also recorded exceptionally high premiums in the third quarter of 2014 resulting from the introduction of an innovative index strategy.

1 — In the fourth quarter of 2014, the French International Health business was reclassified to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty effective 1 January 2014.
2 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
3 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
4 — In the following section, we comment on the development of our statutory gross premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.

Statutory premiums in *Italy* went down to € 2,286 MN – a decline of 18.0 % on an internal basis. Statutory premiums in the third quarter of 2014 benefited from strong growth in the unit-linked business across all distribution channels. Successfully reduced sales of traditional products with guarantees contributed to the fall in premiums, further increasing the share of unit-linked premiums to total statutory premiums.

In *France*, statutory premiums rose to € 1,884 MN. Our internal growth of 3.3 % was mainly supported by the individual life business with growth in unit-linked products more than offsetting the decline in business resulting from cooperation between Allianz companies in France and Luxembourg.

In *Asia Pacific*, statutory premiums increased to € 1,735 MN, up 2.4 % on an internal basis. This was mainly because of higher sales of single premium unit-linked products in most of the countries, with Taiwan being the main driver.

Statutory premiums in *Switzerland* totaled € 215 MN. On an internal basis, statutory premiums decreased by 5.4 %, largely due to lower single premium business in group life.

In *Benelux*, statutory premiums rose to € 473 MN, representing internal growth of 28.5 %. This mainly resulted from a strong increase in the sales of single premium unit-linked products, and was partially offset by lower traditional life product sales.

Statutory premiums in *Spain* went up to € 237 MN. The increase of 26.0 % on an internal basis reflected growth in all business lines, mainly driven by traditional products distributed via the bancassurance channel and unit-linked products sold by tied agents.

Statutory premiums in *Central and Eastern Europe* stood at € 193 MN, down 1.1 % on an internal basis. We recorded overall lower premiums in the Czech Republic and experienced weaker unit-linked business in Poland.

2015 to 2014 first nine months comparison

Statutory premiums were 0.2 % below the first nine months of 2014 and amounted to € 49,854 MN. This represents a dip of 4.2 % on an internal basis. This decrease was largely driven by the drop in fixed-indexed annuity premiums in the United States and lower premiums in the traditional life business in Germany, partly offset by increased unit-linked business in Italy and Taiwan.

Premiums earned (net)

2015 to 2014 third quarter comparison

Premiums earned (net) declined by € 431 MN to € 5,424 MN. This was mainly due to lower business from traditional life products in Germany and the reclassification of the French International Health business to the reportable segment Allianz Worldwide Partners. Favorable foreign currency translation effects from most major currencies partly compensated for the decrease.

2015 to 2014 first nine months comparison

Premiums earned (net) were down by € 244 MN to € 17,887 MN with lower premiums in the traditional life business in Germany more than offsetting favorable foreign currency translation effects from most major currencies.

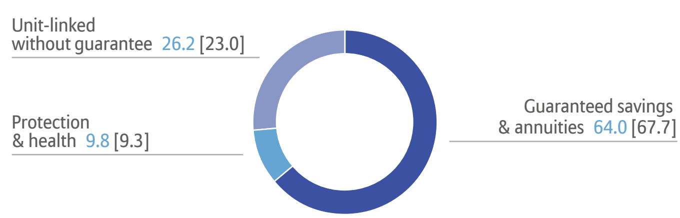
Present value of new business premiums (PVNBP)[1]

2015 to 2014 third quarter comparison

PVNBP fell by € 1,362 MN to € 11,827 MN. This drop resulted mainly from lower sales in traditional business with high guarantees in line with our strategy, particularly in Italy and Germany, and from the decreased fixed-indexed annuity sales in the United States. The PVNBP share of guaranteed savings & annuities declined mainly in favor of the unit-linked without guarantee line of business.

PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP) BY LINES OF BUSINESS

three months ended 30 September 2015 [30 September 2014] in %



2015 to 2014 first nine months comparison

PVNBP grew by € 1,528 MN to € 45,972 MN, largely due to an increase in the unit-linked without guarantee line of business in Italy, Asia Pacific and Belgium in the first half of 2015. This was partly offset by a decrease in our guaranteed savings & annuities line of business in Germany and Italy in the third quarter of 2015. The PVNBP share of unit-linked without guarantee line of business rose to 25.4 % of total PVNBP.

1 — PVNBP before non-controlling interests.

Operating profit

OPERATING PROFIT BY PROFIT SOURCES

The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.

OPERATING PROFIT BY PROFIT SOURCES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Loadings and fees	1,334	1,320	4,186	3,878
Investment margin	904	701	2,740	2,293
Expenses	(1,522)	(1,586)	(4,806)	(4,765)
Technical margin	277	318	874	857
Impact of change in DAC	(255)	39	(299)	391
Operating profit	**738**	**790**	**2,695**	**2,655**

2015 to 2014 third quarter comparison

Our *operating profit* went down by € 52 MN to € 738 MN. This mainly resulted from loss recognition in South Korea amounting to € 148 MN and hedging-related losses in the variable annuity business in the United States. It was partly offset by the German life business due to a higher investment margin.

2015 to 2014 first nine months comparison

Our *operating profit* was up € 40 MN to € 2,695 MN. This was mainly due to an improved investment margin as a result of significant growth in net realized gains in Germany, and was supported by a higher investment spread margin, due to an increased asset base, and favorable interest rate movements in the United States. It was also driven by higher loadings and fees, mainly resulting from increased fees earned in Italy and France. Unfavorable impacts of change in DAC – largely due to the higher DAC amortization associated with our variable annuity business in the United States in the second quarter of 2015 and the loss recognition in South Korea in the second and third quarters of 2015 – partly offset this increase.

Loadings and fees

Loadings and fees includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses.

LOADINGS AND FEES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Loadings from premiums	874	888	2,757	2,611
Loadings from reserves	280	272	851	804
Unit-linked management fees	181	160	578	464
Loadings and fees	**1,334**	**1,320**	**4,186**	**3,878**
Loadings from premiums as % of statutory premiums	6.1	5.6	5.5	5.2
Loadings from reserves as % of average reserves[1,2]	0.1	0.1	0.2	0.2
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.1	0.1	0.5	0.4

1 — Aggregate policy reserves and unit-linked reserves.
2 — Yields are pro-rata.
3 — Unit-linked management fees, excluding Asset Management fees, divided by unit-linked reserves.

2015 to 2014 third quarter comparison

Our *loadings and fees* were up by € 14 MN to € 1,334 MN. Sales growth in Taiwan and Benelux, favorable foreign currency translation effects and increased unit-linked management fees in France more than compensated for the lower loadings from single premiums in the German life business.

The decrease in *loadings from premiums* of € 14 MN was primarily due to reduced single premium business in Germany. This was partially offset by the positive impact of lower volumes of products with sales inducements in the United States, increased premiums in Benelux and favorable foreign currency translation effects. Loadings from premiums as a percentage of statutory premiums rose by 51 basis points, as a result of the lower single premium business in Germany.

The slight increase in *loadings from reserves* of € 8 MN was mainly driven by Taiwan and favorable foreign currency translation effects.

The growth in *unit-linked management fees* of € 20 MN was largely due to higher assets under management in France.

2015 to 2014 first nine months comparison

Our *loadings and fees* went up by € 307 MN to € 4,186 MN. This was primarily due to higher sales in Asia Pacific, the positive impact of lower volumes of products with sales inducements in the United States, and increased unit-linked management fees earned in Italy and France. Favorable foreign currency translation effects supported the increase.

Investment margin

The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).

INVESTMENT MARGIN

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Interest and similar income	4,542	4,260	13,814	12,891
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,146)	(207)	(1,834)	(512)
Operating realized gains/losses (net)	1,209	746	5,253	2,328
Interest expenses	(27)	(27)	(79)	(75)
Operating impairments of investments (net)	(794)	(102)	(989)	(443)
Investment expenses	(243)	(219)	(714)	(645)
Other[1]	(13)	(6)	178	213
Technical interest	(2,280)	(2,175)	(6,941)	(6,499)
Policyholder participation	(345)	(1,570)	(5,949)	(4,964)
Investment margin	**904**	**701**	**2,740**	**2,293**
Investment margin[2,3] in basis points	22	19	69	63

1 — Other comprises the delta of out-of-scope entities, which are added here with their respective operating profit and different line item definitions compared to the financial statements, such as interest paid on deposits for reinsurance, fee and commission income and expenses excluding unit-linked management fees.
2 — Investment margin divided by the average of current end-of-period and previous end-of-period aggregate policy reserves.
3 — Yields are pro-rata.

2015 to 2014 third quarter comparison

Our *investment margin* was up by € 203 MN to € 904 MN. This was mainly driven by a higher investment margin in Germany as well as a reserve release in Italy. This growth translated into an increase of 3 basis points in the investment margin as a percentage of reserves.

In Germany, higher realized gains on debt investments partly compensated for unfavorable impacts from the foreign currency result, a negative valuation impact related to equity derivatives and higher impairments on equities as a result of adverse equity market developments. Due to a different pattern of investment result, policyholder participation was lower in the third quarter of 2015 than in the first two quarters of the year – but still above the previous year's figure on a nine month basis – overcompensating for the negative effect of the investment result.

2015 to 2014 first nine months comparison

Our *investment margin* grew by € 447 MN to € 2,740 MN. This was largely driven by a significant increase in net realized gains on debt securities and equity investments as a result of continuing solvency derisking initiatives in Germany and France. A higher investment spread margin, due to an increased asset base in the United States, also supported this growth.

Expenses

Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.

EXPENSES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Acquisition expenses and commissions	(1,150)	(1,193)	(3,584)	(3,582)
Administrative and other expenses	(373)	(393)	(1,222)	(1,182)
Expenses	**(1,522)**	**(1,586)**	**(4,806)**	**(4,765)**
Acquisition expenses and commissions as % of PVNBP[1]	(9.7)	(9.0)	(7.8)	(8.1)
Administrative and other expenses as % of average reserves[2,3]	(0.1)	(0.1)	(0.2)	(0.3)

1 — PVNBP before non-controlling interests.
2 — Aggregate policy reserves and unit-linked reserves.
3 — Yields are pro-rata.

2015 to 2014 third quarter comparison

Our *expenses* were down by € 64 MN to € 1,522 MN. Lower acquisition expenses driven by decreased business in the United States and Germany more than offset higher expenses due to increased sales in Taiwan and Benelux, as well as adverse foreign currency translation effects.

2015 to 2014 first nine months comparison

Our *expenses* grew by € 41 MN to € 4,806 MN. This increase was largely in line with sales growth in Italy and Taiwan as well as adverse foreign currency translation effects.

Technical margin

Technical margin comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.

2015 to 2014 third quarter comparison

Our *technical margin* declined by € 40 MN to € 277 MN. This was driven by additional reserving for an annuity take-up option in Italy, and increased provisions for unclaimed contracts in France. It was partly offset by a favorable disability result in Switzerland.

2015 to 2014 first nine months comparison

Our *technical margin* grew by € 17 MN to € 874 MN – mainly driven by an improved risk margin in Switzerland.

Impact of change in DAC

Impact of change in DAC (deferred acquisition costs) includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA), and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.

IMPACT OF CHANGE IN DAC

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Capitalization of DAC	405	466	1,302	1,470
Amortization, unlocking and true-up of DAC	(660)	(427)	(1,602)	(1,079)
Impact of change in DAC	**(255)**	**39**	**(299)**	**391**

2015 to 2014 third quarter comparison

The *impact of change in DAC* turned from € 39 MN to minus € 255 MN. This was primarily driven by a higher DAC amortization, mainly resulting from the loss recognition in South Korea amounting to € 148 MN, and lower capitalization of DAC due to decreased sales in our fixed-indexed annuity business in the United States.

2015 to 2014 first nine months comparison

The *impact of change in DAC* turned from € 391 MN to minus € 299 MN. This was largely due to higher DAC amortization associated with our variable annuity business in the United States, loss recognition in South Korea in the second and third quarters of 2015, and a lower capitalization of DAC in the fixed-indexed annuity business in the United States.

OPERATING PROFIT BY LINES OF BUSINESS

OPERATING PROFIT BY LINES OF BUSINESS

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Guaranteed savings & annuities	598	530	1,998	1,888
Protection & health	67	184	410	536
Unit-linked without guarantee	73	77	287	231
Operating profit	**738**	**790**	**2,695**	**2,655**

2015 to 2014 third quarter comparison

The operating profit increase in the *guaranteed savings & annuities* line of business was largely driven by a higher investment margin in Germany. Operating profit in the *protection & health* line of business declined, mainly driven by the loss recognition in South Korea.

2015 to 2014 first nine months comparison

Growth in the *guaranteed savings & annuities* line of business was mainly driven by a higher investment spread margin in the United States. Our operating profit in the *protection & health* line of business fell primarily due to the loss recognition in South Korea.

MARGIN ON RESERVES

2015 to 2014 third quarter comparison

In the third quarter of 2015, our annualized *margin on reserves* went down from 61 to 52 basis points, mainly due to the unfavorable impact of change in DAC.

2015 to 2014 first nine months comparison

Our annualized *margin on reserves* dropped from 70 to 64 basis points, consistent with the development of the third quarter of 2015 compared to the third quarter of 2014.

Net income

2015 to 2014 third quarter comparison

Our *net income* went up by € 17 MN to € 547 MN. This was mainly driven by higher non-operating income due to higher realizations on equity investments in Italy.

2015 to 2014 first nine months comparison

Our *net income* increased by € 57 MN to € 1,948 MN. This was mainly driven by higher operating profit in the first quarter of 2015.

LIFE/HEALTH BUSINESS SEGMENT INFORMATION[1]

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Statutory premiums[2]	**14,313**	**15,853**	**49,854**	**49,977**
Ceded premiums written	(166)	(182)	(582)	(569)
Change in unearned premiums	(100)	(125)	(235)	(366)
Statutory premiums (net)	**14,047**	**15,546**	**49,036**	**49,043**
Deposits from insurance and investment contracts	(8,623)	(9,690)	(31,149)	(30,912)
Premiums earned (net)	**5,424**	**5,856**	**17,887**	**18,131**
Loadings and fees	**1,334**	**1,320**	**4,186**	**3,878**
Loadings from premiums	874	888	2,757	2,611
Loadings from reserves	280	272	851	804
Unit-linked management fees	181	160	578	464
Investment margin (net of policyholder participation)	**904**	**701**	**2,740**	**2,293**
Expenses	**(1,522)**	**(1,586)**	**(4,806)**	**(4,765)**
Acquisition expenses and commissions	(1,150)	(1,193)	(3,584)	(3,582)
Administrative and other expenses	(373)	(393)	(1,222)	(1,182)
Technical margin	**277**	**318**	**874**	**857**
Operating profit before change in DAC	**993**	**752**	**2,994**	**2,264**
Impact of change in DAC[3]	**(255)**	**39**	**(299)**	**391**
Capitalization of DAC	405	466	1,302	1,470
Amortization, unlocking and true-up of DAC	(660)	(427)	(1,602)	(1,079)
Operating profit	**738**	**790**	**2,695**	**2,655**
Non-operating items	34	(15)	76	44
Income before income taxes	**771**	**776**	**2,771**	**2,698**
Income taxes	(224)	(245)	(823)	(808)
Net income	**547**	**530**	**1,948**	**1,891**
Margin on reserves[4] in basis points	52	61	64	70

1 — Profit sources are based on in-scope operating entities with coverage of 96.6 % of statutory premiums in the first nine months of 2015. Operating profit from operating entities that are not in scope is included in investment margin.

2 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

3 — Impact of change in DAC includes effects of change in DAC, URR and VOBA, and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.

4 — Represents annualized operating profit divided by the average of (a) the current quarter-end and previous quarter-end net reserves and (b) the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

LIFE/HEALTH OPERATING PROFIT BY PROFIT SOURCES AND LINES OF BUSINESS[1]

€ MN

	Life/Health		Guaranteed savings & annuities		Protection & health		Unit-linked without guarantee	
three months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014
Loadings from premiums	874	888	431	444	378	376	65	68
Loadings from reserves	280	272	236	237	27	22	17	12
Unit-linked management fees	181	160	84	71	–	–	97	89
Loadings and fees	**1,334**	**1,320**	**751**	**753**	**405**	**398**	**179**	**169**
Investment margin (net of policyholder participation)	**904**	**701**	**887**	**679**	**2**	**9**	**15**	**13**
Acquisition expenses and commissions	(1,150)	(1,193)	(716)	(782)	(311)	(310)	(123)	(101)
Administrative and other expenses	(373)	(393)	(229)	(269)	(103)	(91)	(40)	(34)
Expenses	**(1,522)**	**(1,586)**	**(945)**	**(1,050)**	**(414)**	**(402)**	**(163)**	**(135)**
Technical margin	**277**	**318**	**84**	**131**	**167**	**165**	**27**	**22**
Operating profit before change in DAC	**993**	**752**	**776**	**512**	**161**	**170**	**57**	**70**
Capitalization of DAC	405	466	262	337	86	95	57	34
Amortization, unlocking and true-up of DAC	(660)	(427)	(440)	(319)	(180)	(81)	(41)	(27)
Impact of change in DAC[2]	**(255)**	**39**	**(178)**	**18**	**(94)**	**14**	**16**	**7**
Operating profit	**738**	**790**	**598**	**530**	**67**	**184**	**73**	**77**

1 — Profit sources are based on in-scope operating entities with coverage of 96.6 % of statutory premiums in the first nine months of 2015. Operating profit from operating entities that are not in scope is included in investment margin.

2 — Impact of change in DAC includes effects of change in DAC, URR and VOBA, and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.

LIFE/HEALTH OPERATING PROFIT BY PROFIT SOURCES AND LINES OF BUSINESS[1]

€ MN

	Life/Health		Guaranteed savings & annuities		Protection & health		Unit-linked without guarantee	
nine months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014
Loadings from premiums	2,757	2,611	1,370	1,305	1,172	1,113	215	192
Loadings from reserves	851	804	723	710	77	61	51	33
Unit-linked management fees	578	464	243	196	–	–	335	267
Loadings and fees	**4,186**	**3,878**	**2,336**	**2,211**	**1,249**	**1,174**	**601**	**493**
Investment margin (net of policyholder participation)	**2,740**	**2,293**	**2,658**	**2,171**	**34**	**83**	**47**	**39**
Acquisition expenses and commissions	(3,584)	(3,582)	(2,235)	(2,381)	(945)	(917)	(404)	(284)
Administrative and other expenses	(1,222)	(1,182)	(772)	(802)	(328)	(280)	(122)	(100)
Expenses	**(4,806)**	**(4,765)**	**(3,007)**	**(3,184)**	**(1,273)**	**(1,198)**	**(526)**	**(383)**
Technical margin	**874**	**857**	**321**	**369**	**473**	**425**	**79**	**62**
Operating profit before change in DAC	**2,994**	**2,264**	**2,309**	**1,567**	**484**	**485**	**202**	**212**
Capitalization of DAC	1,302	1,470	834	1,078	285	299	184	93
Amortization, unlocking and true-up of DAC	(1,602)	(1,079)	(1,145)	(758)	(359)	(247)	(98)	(74)
Impact of change in DAC[2]	**(299)**	**391**	**(311)**	**320**	**(74)**	**52**	**85**	**19**
Operating profit	**2,695**	**2,655**	**1,998**	**1,888**	**410**	**536**	**287**	**231**

1 — Profit sources are based on in-scope operating entities with coverage of 96.6 % of statutory premiums in the first nine months of 2015. Operating profit from operating entities that are not in scope is included in investment margin.

2 — Impact of change in DAC includes effects of change in DAC, URR and VOBA, and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.

Life/Health insurance operations by reportable segments – third quarter

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2] (BPS)	
			internal[3]							
three months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Germany Life	3,426	4,292	3,426	4,292	2,123	2,572	328	218	62	44
Germany Health	819	816	819	816	816	813	33	62	47	90
Switzerland	215	201	190	201	80	73	20	20	48	56
Austria	82	87	82	87	61	63	7	8	60	66
Central & Eastern Europe	193	194	192	194	131	127	32	28	368	328
Poland	44	48	45	48	22	19	6	(3)	406	(210)
Slovakia	61	61	61	61	49	56	8	13	256	410
Czech Republic	26	29	25	29	17	17	4	5	256	308
Hungary	30	29	30	29	15	10	2	3	194	269
Other[4]	32	28	32	28	29	25	12	10	–[7]	–[7]
German Speaking Countries and Central & Eastern Europe	**4,734**	**5,591**	**4,709**	**5,591**	**3,211**	**3,648**	**420**	**335**	**64**	**54**
Italy	2,286	2,789	2,286	2,789	86	71	29	46	18	33
France[5]	1,884	1,975	1,884	1,824	834	899	130	140	61	68
Benelux	473	368	473	368	124	120	24	25	56	62
Turkey	225	243	250	243	43	40	15	7	218	108
Greece	18	19	18	19	12	11	3	1	370	90
Africa	15	12	15	12	5	6	1	–	123	–[7]
Middle East	53	45	47	45	43	34	8	4	384	257
Western & Southern Europe, Middle East, Africa and India[6]	**4,955**	**5,452**	**4,974**	**5,301**	**1,147**	**1,182**	**219**	**223**	**52**	**57**
Spain	237	188	237	188	88	84	51	47	252	251
Portugal	69	59	69	59	24	21	5	6	338	424
Latin America	110	72	118	72	22	28	2	3	56	127
Iberia & Latin America	**416**	**320**	**424**	**320**	**134**	**132**	**57**	**57**	**235**	**249**
USA	**2,434**	**2,901**	**2,041**	**2,901**	**281**	**246**	**143**	**158**	**57**	**78**
Reinsurance LH	136	156	122	156	100	130	9	5	198	112
Russia	7	10	10	10	7	9	3	–	560	–[7]
Global Insurance Lines & Anglo Markets	**144**	**165**	**132**	**165**	**107**	**139**	**12**	**6**	**236**	**107**
Asian-Pacific countries	1,735	1,575	1,613	1,575	544	508	(117)	28	(164)	45
South Korea	437	421	418	421	104	127	(148)	(2)	(478)	(9)
Taiwan	738	611	660	611	95	69	(4)	(2)	(25)	(13)
Indonesia	162	198	161	198	69	82	17	18	496	544
Malaysia	108	104	116	104	45	33	4	6	112	175
Thailand	178	155	164	155	174	152	23	7	256	103
China	108	85	93	85	54	42	(2)	–	(90)	–[7]
Other[4]	1	1	1	1	3	3	(6)	1	–[7]	–[7]
Global Life	2	2	2	2	–	–	–	–	–[7]	–[7]
Asia Pacific	**1,737**	**1,577**	**1,616**	**1,577**	**545**	**508**	**(117)**	**28**	**(165)**	**45**
Consolidation[8]	(106)	(152)	(106)	(152)	–	–	3	(15)	–[7]	–[7]
Total	**14,313**	**15,853**	**13,790**	**15,702**	**5,424**	**5,856**	**738**	**790**	**52**	**61**

1 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
2 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
3 — Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
4 — Includes income and expense items from management holdings, smaller operating entities and consolidations between countries in these regions.
5 — In the fourth quarter of 2014, the French International Health business was reclassified to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty effective 1 January 2014.
6 — Includes € 9 MN operating profit for 2015 from an associated entity in Asia Pacific.
7 — Presentation not meaningful.
8 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Life/Health insurance operations by reportable segments – first nine months

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2] (BPS)	
			internal[3]							
nine months ended 30 September	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Germany Life	12,277	13,719	12,277	13,719	7,624	8,160	847	814	54	57
Germany Health	2,448	2,437	2,448	2,437	2,446	2,434	141	138	66	69
Switzerland	1,584	1,427	1,386	1,427	407	427	61	62	54	61
Austria	292	293	292	293	229	217	28	31	76	92
Central & Eastern Europe	620	649	619	649	396	384	94	92	366	371
Poland	147	134	147	134	65	54	18	15	411	361
Slovakia	185	189	185	189	149	154	24	29	251	310
Czech Republic	88	118	88	118	50	54	10	12	242	275
Hungary	87	110	87	110	38	33	11	9	367	339
Other[4]	112	99	112	99	94	88	31	26	–[7]	–[7]
German Speaking Countries and Central & Eastern Europe	**17,220**	**18,526**	**17,022**	**18,526**	**11,100**	**11,623**	**1,170**	**1,136**	**60**	**63**
Italy	9,358	8,227	9,358	8,227	323	310	213	170	47	43
France[5]	5,980	6,522	5,980	6,089	2,472	2,649	430	378	67	63
Benelux	1,803	2,022	1,803	2,022	377	380	96	92	77	79
Turkey	728	609	732	609	137	106	39	19	191	111
Greece	72	65	72	65	42	38	(3)	–	(143)	–[7]
Africa	49	43	49	43	22	20	4	3	158	175
Middle East	155	123	136	123	122	92	22	15	364	304
Western & Southern Europe, Middle East, Africa and India[6]	**18,145**	**17,612**	**18,130**	**17,179**	**3,495**	**3,595**	**826**	**677**	**66**	**59**
Spain	985	830	985	830	318	308	146	142	241	261
Portugal	199	183	199	183	65	62	15	15	335	355
Latin America	303	234	299	234	106	105	9	6	109	85
Iberia & Latin America	**1,487**	**1,247**	**1,483**	**1,247**	**489**	**475**	**169**	**163**	**232**	**248**
USA	**7,725**	**8,810**	**6,356**	**8,810**	**848**	**706**	**604**	**529**	**85**	**91**
Reinsurance LH	429	423	257	423	312	314	39	35	288	238
Russia	31	38	43	38	31	37	7	–	494	–[7]
Global Insurance Lines & Anglo Markets	**460**	**461**	**301**	**461**	**343**	**351**	**46**	**35**	**308**	**215**
Asian-Pacific countries	5,368	4,243	4,715	4,243	1,610	1,380	(111)	126	(55)	71
South Korea	1,352	1,223	1,196	1,223	374	380	(240)	13	(272)	16
Taiwan	2,268	1,549	1,956	1,549	229	151	2	1	4	3
Indonesia	521	502	485	502	219	221	55	51	524	551
Malaysia	338	305	323	305	155	132	15	15	150	164
Thailand	541	433	463	433	522	421	71	46	282	222
China	345	227	288	227	101	67	1	–	21	–[7]
Other[4]	5	3	4	3	9	8	(15)	–	–[7]	–[7]
Global Life	4	4	4	4	2	1	–	1	–[7]	–[7]
Asia Pacific	**5,373**	**4,246**	**4,719**	**4,246**	**1,612**	**1,381**	**(111)**	**126**	**(55)**	**71**
Consolidation[8]	(557)	(925)	(557)	(925)	–	–	(9)	(13)	–[7]	–[7]
Total	**49,854**	**49,977**	**47,454**	**49,544**	**17,887**	**18,131**	**2,695**	**2,655**	**64**	**70**

1 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
2 — Represents annualized operating profit divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
3 — Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
4 — Includes income and expense items from management holdings, smaller operating entities and consolidations between countries in these regions.
5 — In the fourth quarter of 2014, the French International Health business was reclassified to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty effective 1 January 2014.
6 — Includes € 25 MN operating profit for 2015 from an associated entity in Asia Pacific.
7 — Presentation not meaningful.
8 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Asset Management

THIRD QUARTER 2015

– Operating profit decreased 13.5 % to € 600 MN.
– Cost-income ratio at 63.3 %.
– Overall, third-party net outflows significantly decreased again compared to the previous quarter, amounting to € 15 BN.
– Total assets under management declined by € 55 BN in the first nine months of 2015 – now at € 1,746 BN.

Business segment overview

Allianz offers asset management products and services for third-party investors and the Allianz Group's insurance operations. We serve a wide range of retail and institutional clients worldwide with investment and distribution capacities in all major markets. Based on total assets under management, we are one of the largest asset managers in the world that manage third-party assets with active investment strategies.

Key figures

KEY FIGURES ASSET MANAGEMENT

€ MN three months ended 30 September	2015	2014
Operating revenues	1,636	1,618
Operating profit	600	694
Cost-income ratio in %	63.3	57.1
Net income	374	438
Total assets under management as of 30 September in € BN	1,746	1,872
thereof: Third-party assets under management as of 30 September in € BN	1,259	1,411

Assets under management

Total assets under management (AuM) amounted to € 1,746 BN as of 30 September 2015. Of this, € 1,259 BN related to third-party AuM and € 488 BN to Allianz Group assets.

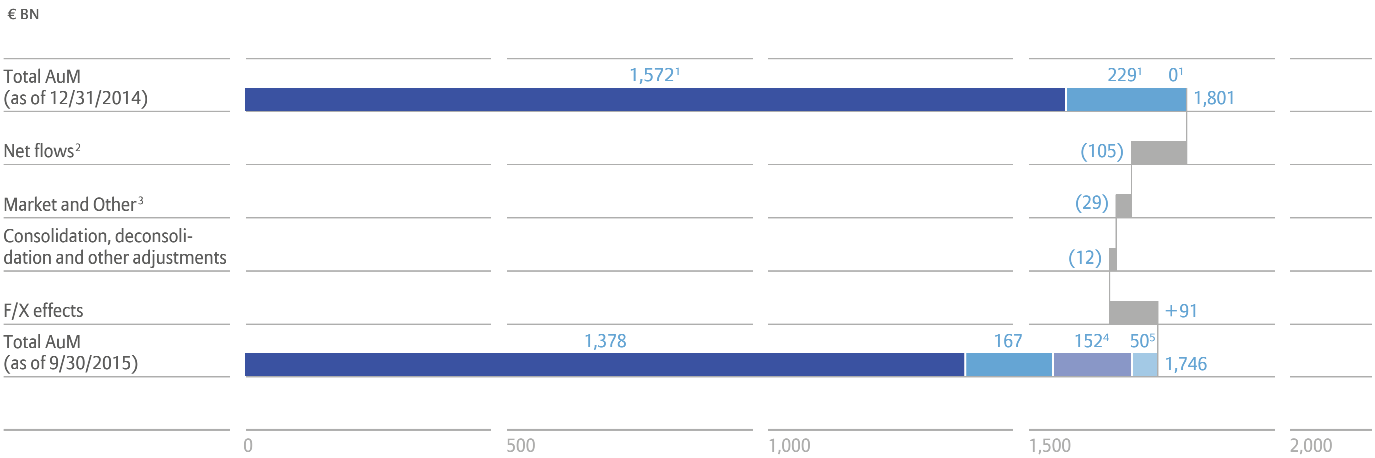
We recorded net outflows of total AuM of € 105 BN in the first nine months of 2015. Net outflows from third-party AuM amounted to € 99 BN, strongly driven by PIMCO in the United States, primarily from traditional fixed income products. However, since the end of 2014, third-party AuM net outflows at PIMCO have significantly decreased with each quarter, amounting to € 16 BN in the third quarter of 2015. Third-party AuM net outflows at PIMCO occurred predominantly in the United States and were at € 21 BN in the third quarter, largely in line with the U.S. industry trend. Moreover, PIMCO recorded third-party AuM net inflows in Europe and in the Asia Pacific region of € 3 BN each over the same period. Overall, AllianzGI recorded strong third-party net inflows, amounting to € 14 BN in the first nine months of 2015, which were driven by net inflows in Europe. Furthermore, the third quarter of 2015 was the eleventh consecutive quarter of third-party net inflows at AllianzGI.

Unfavorable effects from Market and Other accounted for a decrease of total AuM of € 29 BN in the first nine months of 2015, with € 26 BN at PIMCO and € 3 BN at AllianzGI.

Mainly due to an adjustment of third-party AuM related to a joint venture and a correction in reporting of notional accounts, we recorded a decrease in total AuM of € 12 BN, reported as consolidation, deconsolidation and other adjustments.

We recorded favorable foreign currency translation effects of € 91 BN, mainly as a result of the depreciation of the Euro against the U.S. Dollar, which declined from 1.21 at the beginning of the year to 1.12 at the end of the third quarter.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT



1 — Fixed income, equity and other definitions based on legal entity view as of 31 December 2014. Therefore, 2014 and 2015 figures are not comparable.
2 — From the first quarter of 2015, net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors. Reinvested dividends amounted to € 8.5 BN.
3 — From the first quarter of 2015, Market and Other represents current income earned on, and changes in the fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.
4 — Multi-assets is a combination of several asset classes (e.g. bonds, stocks, cash and real property) used as an investment. Multi-assets class investments increase the diversification of an overall portfolio by distributing investments throughout several asset classes.
5 — Other is composed of other asset classes than equity, fixed income and multi-assets, e.g. money markets, commodities, real estate investment trusts, infrastructure investments, private equity investments, hedge funds, etc.

In the following section we focus on the development of third-party AuM.

As of 30 September 2015, the share of third-party AuM by business unit was 78.2 % attributable to PIMCO and 21.8 % attributable to AllianzGI.

At the beginning of 2015 we enhanced our asset class reporting from a legal entity view to a more granular asset class split composed of fixed income, equities, multi-assets, and other. Furthermore, we replaced the retail and institutional asset split by an investment vehicle view, comprised of mutual funds and separate accounts.[1]

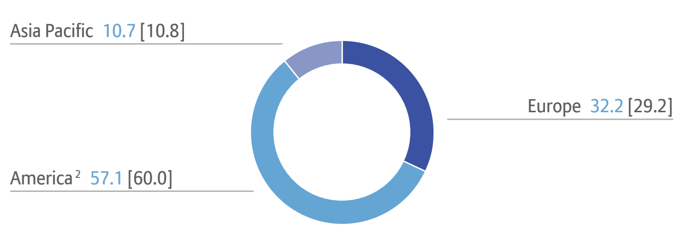
Based on the asset class split on 30 September 2015, the share of fixed income amounted to 74 %, reflecting the high share of fixed income assets at PIMCO. 11 % in equity assets was due to the notable equity share at AllianzGI. Multi-assets and other accounted for 11 % and 4 %, respectively.

The share of third-party assets between mutual funds and separate accounts was stable compared to the end of 2014, with mutual funds at 59 % and separate accounts at 41 %.

1 — Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds. Separate accounts are investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals and corporates).

THIRD-PARTY ASSETS UNDER MANAGEMENT BY REGION/COUNTRY[1]

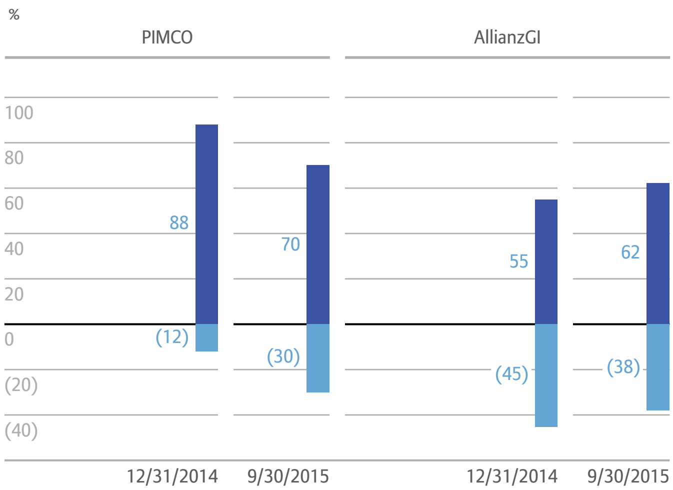
as of 30 September 2015 [31 December 2014] in %



1 — Based on the location of the asset management company.
2 — "America" consists of the United States, Canada and Brazil (approximately € 704 BN, € 14 BN and € 1 BN third-party AuM as of 30 September 2015, respectively).

The regional allocation of third-party AuM shifted in favor of Europe, mainly due to strong third-party net outflows at PIMCO in the United States, combined with a negative market effect. This was only partially offset by positive foreign currency translation effects in the first nine months of 2015.

THREE-YEAR ROLLING INVESTMENT PERFORMANCE OF PIMCO AND ALLIANZGI[1]



■ Outperforming third-party assets under management
■ Underperforming third-party assets under management

1 — The investment performance is based on Allianz Asset Management account-based, asset-weighted three-year investment performance of third-party assets versus the primary target including all accounts managed by portfolio managers of Allianz Asset Management. For some retail funds, the net of fee performance is compared to the median performance of the corresponding Morningstar peer group (first and second quartile mean outperformance). For all other retail funds and for all institutional accounts, the gross of fee performance (revaluated based on closing prices) is compared to the respective benchmark based on different metrics.

The overall three-year rolling investment performance of our Asset Management business decreased, with 69 % of our third-party assets outperforming their respective benchmarks (31 December 2014: 84 %). The decrease was mainly driven by PIMCO's rolling investment performance, which was impacted by a strong quarter of 2012 rolling off and a challenging quarter of 2015 rolling in. 70 % of PIMCO third-party assets outperformed their respective benchmarks. At AllianzGI, 62 % of third-party assets outperformed their respective benchmarks.

Operating revenues

2015 to 2014 third quarter comparison

Our *operating revenues* increased by € 18 MN – or 1.1 % – to € 1,636 MN. Before the positive effect from foreign currency translation, which was mainly driven by the sharp depreciation of the Euro against U.S. Dollar, operating revenues declined by 11.3 % on an internal basis[1].

Net fee and commission income rose by € 26 MN – or 1.6 % – to € 1,643 MN. However, before foreign currency translation effects, this was a decrease of 11.5 %, primarily driven by lower third-party AuM-driven revenues, which dropped by 19.7 %. This was mainly due to lower average third-party AuM, which were down 19.1 % before foreign currency translation effects, driven by third-party net outflows at PIMCO. A slight decline in our third-party AuM driven margin also contributed to the decrease in third-party AuM driven revenues. Our *performance fees* increased by € 152 MN – or € 125 MN excluding the positive effect from foreign currency translation. In the third quarter of 2015, expected carried interest from the redemption of a large private fund at PIMCO started to materialize, which was the main driver for the increase.

Our *income from financial assets and liabilities carried at fair value through income (net)* declined by € 7 MN due to valuation and foreign currency translation effects.

2015 to 2014 first nine months comparison

Operating revenues slightly increased by € 15 MN – or 0.3 % – to € 4,757 MN. However, on an internal basis[1], operating revenues went down 13.3 %. This was primarily due to a drop of 16.9 % in our third-party AuM driven revenues because of lower average third-party AuM and a decrease of our third-party AuM-driven margin. This was only partially offset by higher performance fees.

1 — Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects. In the third quarter of 2015, the average exchange rate of the U.S. Dollar to Euro was 1.11 (3Q 2014: 1.33), in the first nine months of 2015, the average exchange rate was 1.11 (first nine months of 2014: 1.36).

Operating profit

2015 to 2014 third quarter comparison

Our *operating profit* declined by € 93 MN – or 13.5 % – to € 600 MN. On an internal basis[1], the decrease was 25.2 %. The main drivers were the lower average third-party AuM at PIMCO and – to a lesser extent – lower third-party AuM driven margins. However, higher performance fees and lower operating expenses partly offset these effects.

Administrative expenses increased by € 78 MN – or 8.4 % – to € 1,002 MN, due to foreign currency translation effects. Adjusted for these, administrative expenses decreased by 5.9 %. This was due to lower personnel expenses – driven by a drop of 8.6 % in variable compensation – and lower non-personnel expenses. Variable compensation fell even after including the effects of the Special Performance Award (SPA), which was introduced in the fourth quarter of 2014 to secure performance and retain talent at PIMCO.

Operating expenses were also burdened by *restructuring charges* of € 34 MN. This was due to a restructuring program at AllianzGI to increase effectiveness and efficiency especially within business support.

Our *cost-income ratio* went up 6.2 percentage points to 63.3 % compared to the third quarter of 2014 but went down compared to the previous quarter. The SPA contributed 2.2 percentage points[2] and the restructuring program at AllianzGI contributed 2.1 percentage points to the increase.

2015 to 2014 first nine months comparison

Operating profit went down by € 355 MN – or 17.6 % – to € 1,661 MN. On an internal basis[1], our operating profit declined by 29.6 %. This was mainly due to decreased average third-party AuM and a decreased third-party AuM driven margin as well as SPA expenses and restructuring charges impacting operating expenses. Higher performance fees could only partially offset the decrease.

Our *cost-income ratio* rose 7.6 percentage points to 65.1 %. The SPA accounted for 2.4 percentage points[2] and the restructuring program at AllianzGI accounted for 0.7 percentage points of the increase.

1 — Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects. In the third quarter of 2015, the average exchange rate of the U.S. Dollar to Euro was 1.11 (3Q 2014: 1.33), in the first nine months of 2015, the average exchange rate was 1.11 (first nine months of 2014: 1.36).
2 — Net of the impact on variable compensation.

Net income

2015 to 2014 third quarter comparison

Our *net income* fell by € 63 MN – or 14.5 % – to € 374 MN. Before the effect from foreign currency translation, the decrease was more pronounced at 25.9 %, with the main drivers largely consistent with our operating profit development.

2015 to 2014 first nine months comparison

Net income was down by € 230 MN – or 18.2 % – to € 1,033 MN. This is a drop of 30.3 % before foreign currency translation and is also largely consistent with our operating profit development.

ASSET MANAGEMENT BUSINESS SEGMENT INFORMATION

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Management and loading fees	1,804	1,938	5,590	5,653
Performance fees	192	40	304	126
Other	8	6	25	37
Fee and commission income	**2,004**	**1,984**	**5,919**	**5,817**
Commissions	(350)	(336)	(1,081)	(956)
Other	(12)	(31)	(69)	(127)
Fee and commission expenses	**(362)**	**(367)**	**(1,150)**	**(1,083)**
Net fee and commission income	**1,643**	**1,617**	**4,769**	**4,734**
Net interest income[1]	(2)	(2)	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(5)	2	(9)	5
Other income	1	1	2	6
Operating revenues	**1,636**	**1,618**	**4,757**	**4,742**
Administrative expenses (net), excluding acquisition-related expenses	(1,002)	(925)	(3,063)	(2,730)
Restructuring charges	(34)	–	(34)	3
Operating expenses	**(1,036)**	**(925)**	**(3,096)**	**(2,727)**
Operating profit	**600**	**694**	**1,661**	**2,015**
Non-operating items	(2)	2	(28)	(15)
Income before income taxes	**599**	**696**	**1,632**	**2,000**
Income taxes	(225)	(258)	(600)	(738)
Net income	**374**	**438**	**1,033**	**1,263**
Cost-income ratio[2] in %	63.3	57.1	65.1	57.5

1 — Represents interest and similar income less interest expenses.
2 — Represents operating expenses divided by operating revenues.

Corporate and Other

THIRD QUARTER 2015

Operating loss remained stable at € 246 MN.

Business segment overview

Corporate and Other encompasses the reportable segments Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management of and support for the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology and other functions. Our banking products offered in Germany, Italy, France, the Netherlands and Bulgaria complement our insurance product portfolio. We also provide global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group.

Key figures

KEY FIGURES CORPORATE AND OTHER[1]

€ MN three months ended 30 September	2015	2014
Operating revenues	442	418
Operating expenses	(688)	(666)
Operating result	(246)	(248)
Net income (loss)	(354)	(311)

KEY FIGURES REPORTABLE SEGMENTS

€ MN three months ended 30 September	2015	2014
HOLDING & TREASURY		
Operating revenues	119	100
Operating expenses	(406)	(367)
Operating result	(287)	(267)
BANKING		
Operating revenues	274	273
Operating expenses	(247)	(261)
Operating result	28	11
ALTERNATIVE INVESTMENTS		
Operating revenues	51	47
Operating expenses	(38)	(39)
Operating result	14	8

1 — Consolidation included. For further information about our Corporate and Other business segment, please refer to note 4 to the condensed consolidated interim financial statements.

Earnings summaries

2015 to 2014 third quarter comparison

Our *operating result* remained almost unchanged at a loss of € 246 MN (3Q 2014: € (248) MN). Improvements in Banking and Alternative Investments were offset by a decline in Holding & Treasury.

Our *net loss* increased from € 311 MN to € 354 MN mainly due to the absence of the previous year's positive tax effects. This effect was only somewhat compensated for by a higher non-operating trading result.

2015 to 2014 first nine months comparison

Our *operating result* improved by € 113 MN to a loss of € 577 MN. This improvement was primarily due to a € 148 MN increase in other income recorded in the first quarter, and was related to an adapted cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE.[1] Improvements in our net interest result and in our net fee and commission result were more than offset by an increase in administrative expenses – which resulted from higher pension costs – and a decrease in income from financial assets and liabilities carried at fair value through income (net).

Our *net loss* increased by € 180 MN to € 609 MN, mainly due to lower positive one-off effects from a pensions revaluation with our German subsidiaries.[2] These were only partly offset by higher realized gains.

Operating earnings summaries by reportable segments

HOLDING & TREASURY

2015 to 2014 third quarter comparison

Our *operating loss* increased by € 20 MN to € 287 MN. This was primarily due to a drop in operating income from financial assets and liabilities carried at fair value through income (net).

Operating income from financial assets and liabilities carried at fair value through income (net) dropped by € 27 MN to a loss of € 14 MN. This decrease was mainly driven by lower fair values of certain fund investments and was consistent with the respective market developments in the third quarter of 2015.

Administrative expenses (net), excluding acquisition-related expenses, increased by € 7 MN to € 206 MN, as higher pension costs were only partly offset by the recharging of expenses for the implementation of Solvency II to our operating business segments.

Our *net interest result* improved by € 6 MN to a loss of € 5 MN. *Interest and similar income* decreased by € 22 MN to € 49 MN. This was mainly due to the absence of income from associated companies – which is recognized within the insurance business segments from 2015 onwards – and of certain dividend income which, in contrast to the previous year, was already recognized in the second quarter of 2015. Our *interest expenses, excluding interest expenses from external debt,* decreased by € 28 MN to € 54 MN as a result of lower internal borrowing and lower cash pool expenses.

Our *net fee and commission result* improved by € 12 MN to a loss of € 43 MN. This reduction in losses was largely due to higher revenues generated by our internal IT service provider.

Investment expenses remained unchanged at € 18 MN.

2015 to 2014 first nine months comparison

Our *operating result* improved by € 66 MN to a loss of € 694 MN. This improvement was driven by the first quarter benefiting from the positive cost allocation effect of € 148 MN in *other income,* as described earlier. Lower interest expenses – down from € 244 MN to € 182 MN due to lower internal borrowing and lower interest rates – also contributed to this better operating result. These positive effects were partly offset by an increase in administrative expenses from € 515 MN to € 597 MN. This increase was mainly due to higher pension costs.

BANKING

2015 to 2014 third quarter comparison

Our *operating profit* increased from € 11 MN to € 28 MN with all Banking units contributing positive results. This upswing was almost equally driven by both lower administrative expenses and an increase in the net interest result.

Our *net interest, fee and commission result* improved by € 12 MN to € 144 MN, primarily driven by our *net interest result,* which increased by € 10 MN to € 92 MN. However, this improvement was almost entirely driven by a special dividend whereas the low interest yield environment continued to put pressure on our interest rate margin in almost all Banking units. Our *net fee and commission result* was at € 52 MN, compared to € 49 MN in the previous year's quarter. Our fee and commission income went up by € 5 MN to € 128 MN. This was mainly due to higher management and performance fee income in line with higher assets under management. The fee and commission expenses marginally increased.

1 — For further information on the adapted cost allocation scheme for the pension provisions, please refer to note 4 to the condensed consolidated interim financial statements.

2 — Respective offsetting effects were recorded within our other business segments, mainly within Property-Casualty. For further information on one-off effects from pension revaluation, please refer to note 4 to the condensed consolidated interim financial statements.

Administrative expenses decreased by € 12 MN to € 104 MN. This expense reduction was largely driven by lower expenses for variable remuneration schemes.

Our *loan loss provisions* increased by € 8 MN to € 15 MN. A specific loan loss allowance recorded in our non-shipping loan portfolio in Germany and increased general loan loss allowances in Bulgaria contributed almost equally to this increase.

Our *operating income from financial assets and liabilities carried at fair value through income (net),* which includes trading income, remained almost unchanged at € 4 MN (3Q 2014: € 3 MN).

2015 to 2014 first nine months comparison

Our *operating result* increased by € 40 MN to € 85 MN. This increase was largely due to lower administrative expenses, which also mainly benefited from reduced variable remuneration in Italy and Germany. Slight increases in the net interest result and net fee and commission result and the mentioned increase in loan loss provisions were mostly offsetting.

ALTERNATIVE INVESTMENTS

2015 to 2014 third quarter comparison

Our *operating profit* increased by € 5 MN to € 14 MN. This was largely due to a higher foreign currency result.

2015 to 2014 first nine months comparison

Our *operating profit* went up by € 8 MN to € 32 MN. This was mainly due to the net effect of € 17 MN higher fee and commission income and € 11 MN increased administrative expenses. Both developments were in line with increased assets under management. The above-mentioned higher foreign currency result also contributed to the increase.

Outlook

– Upward forces in global economy to retain upper hand – moderate growth acceleration in emerging markets.
– Operating profit expected to arrive in the upper end of the target range.

Economic outlook[1]

As 2015 draws to a close, the global economic picture is, broadly speaking, split between industrialized countries and emerging markets. On the one hand, economic activity in industrialized countries is likely to remain quite solid. In the United States, domestic demand looks set to firm up further. In the Eurozone, the economic recovery is likely to continue next year, supported by improved competitiveness and lower energy prices. With real GDP expected to increase by 1.7 %, growth will be slightly higher than in 2015. Supported by improving economic conditions in the Eurozone and a favorable environment for private consumption, the German economy could expand by 2 % in 2016. On the other hand, growth prospects for several major emerging market countries remain subdued – for both cyclical and structural reasons. Following a severe recession in Brazil and Russia this year, economic activity is expected to gradually stabilize in the course of 2016. Overall, global output is likely to expand by about 2.8 % in 2016, compared with 2.4 % in 2015. Industrialized countries will register GDP growth of 2 %, while in emerging markets it will accelerate to 4 % from the 3.4 % seen in 2015, the lowest economic expansion since the Great Recession of 2009. At the global level, inflation is likely to remain subdued, with a few exceptions in Latin America and Eastern Europe, where inflation rates have risen sharply for country-specific reasons (for example in Venezuela and in Ukraine).

As in 2015, financial markets will primarily be driven by monetary policy and geopolitical tensions, but also by economic and political developments in major emerging market countries. Regarding monetary policy, barring major downside surprises in economic data, the Federal Reserve Bank is likely to start hiking interest rates very cautiously in the upcoming months. By contrast, the European Central Bank is expected to keep key interest rates at the very low current levels throughout 2016. Although we do not see the European Central Bank's bond purchasing program being extended beyond September 2016, this cannot be ruled out in the event of disappointing growth or downside surprises in inflation.

In the course of 2016, rising speculation about the timing and manner in which the European Central Bank exits from its bond purchasing program and expected higher inflation rates will exert upward pressure on European government benchmark bond yields. However, with short-term rates practically at zero, there are limited prospects of markedly higher yields on longer-term bonds. We expect yields on 10-year German and U.S. government bonds to climb modestly towards 1.5 % and 2.75 %, respectively, by the end of 2016. In the coming months a number of factors, including any rate increase by the Federal Reserve Bank, will weigh on the Euro. However, with the economic recovery in the Eurozone on a firmer footing, the Euro will gain support. We expect the U.S. Dollar to Euro exchange rate to stand at about 1.15 by the end of 2016, more or less the same level reached at the beginning of the fourth quarter of 2015.

Insurance industry outlook

2016 promises to be quite similar to 2015: a year of modest performance for the insurance industry. On the one hand, in advanced markets, slow but steady recovery from the financial crisis continues, raising demand for insurance. In emerging markets, despite more challenging economic conditions than in the past, pent-up demand for insurance underpins strong growth. On the other hand, the outlook for profitability remains subdued as there are no signs that the headwinds of low investment returns and regulatory changes will ease.

In the ***property-casualty*** sector, we anticipate slow but increasing premium growth in Western Europe both in the remainder of 2015 and in 2016. More specifically, and thanks to the ongoing recovery in all parts of Europe, we expect that in 2016 regional growth will exceed 2 % for the first time since the outbreak of the global financial crisis. Nonetheless, Western Europe is set to remain the laggard region in terms of global premium growth. Most other markets will continue to be robust, with 2016 increases more or less in line with 2015. As in previous years, we expect very strong performances in emerging Asia where governments' efforts, particularly in China, to raise insurance penetration across the board begin to pay off. Overall, we expect

1 — The Information presented in the sections Economic outlook, Insurance industry outlook and Asset management industry outlook is based on our own estimates.

global premium revenue to rise by around 5 % in 2015 and 2016 (in nominal terms, adjusted for foreign currency translation effects). Underwriting profitability should remain more or less stable as reduced pricing power is offset by low claims inflation. However, weak investment returns will have a negative impact on overall profitability.

In the *life* sector, the overall picture is quite similar – although premium growth is much more volatile than in the property-casualty sector. Consequently, growth differences between countries and regions can be quite large. However, for the remainder of 2015 and 2016, we predict that overall premium growth will be moderate but also more broad-based. In particular, we expect the slow recovery in Eastern Europe to carry on. Countries in emerging Asia, such as China and Indonesia, should continue with high, in many cases double-digit growth. Rising incomes and social security reforms remain strong engines for growing insurance demand. All in all, we expect global premium revenue to expand by 4 – 5 % in 2015 and 2016 (in nominal terms, adjusted for foreign currency translation effects).

Looking at profitability, there is no expected relief from the pains associated with the low yield environment and regulation. Low yields will continue to impact savings behaviors, investment returns will remain under pressure and regulatory burdens will increase further. Therefore, companies cannot afford to relax their efforts to adapt their business models to the new environment.

Asset management industry outlook

The third quarter of 2015 was turbulent and volatile for global markets. The Federal Reserve Bank's recent decision to leave U.S. interest rates unchanged, despite strong domestic economic indicators, revived uncertainty about the timing and pace of rate increases. Thus, investors will continue to try to anticipate the increase and we expect volatility to persist in equity and fixed income markets into 2016. We also expect dispersion across emerging markets to continue, especially given the ongoing volatility in commodity markets. The pace of growth in China will slow even further with a knock-on effect on global markets.

However, if the longer-term trend is indeed towards moderately higher interest rates – especially in the United States – coupled with global demographic developments, bonds should remain attractive. This holds true in particular for liability-driven investors and for the growing number of retirees in the developed world looking for a stable stream of income.

A continuing improvement in economic conditions – in particular in the United States – as well as trends in client demand still represent a positive environment for further asset management industry growth. Nevertheless, the industry has to deal with several challenges that will also put pressure on profitability: Flows into passive products as well as rising distribution or marketing costs will tighten operating margins. Increased regulatory oversight and reporting will also take their toll.

Therefore, several factors are of vital importance for an asset manager's ability to grow – notably above-benchmark investment results and innovative, client-focused investment solutions and products. In addition, appropriate responses to clients' needs as well as efficient operations and a sufficient business volume are important.

Outlook for the Allianz Group

We are confident about staying on course towards profitable growth during the rest of 2015 and expect the 2015 operating profit to arrive in the upper end of our target range of € 10.4 BN, plus or minus € 0.4 BN. However, unfavorable developments in the business environment can have adverse impacts on aspects of our performance. It would therefore be inappropriate to simply annualize the current nine month's operating profit and net income to arrive at an expected result for the full year.

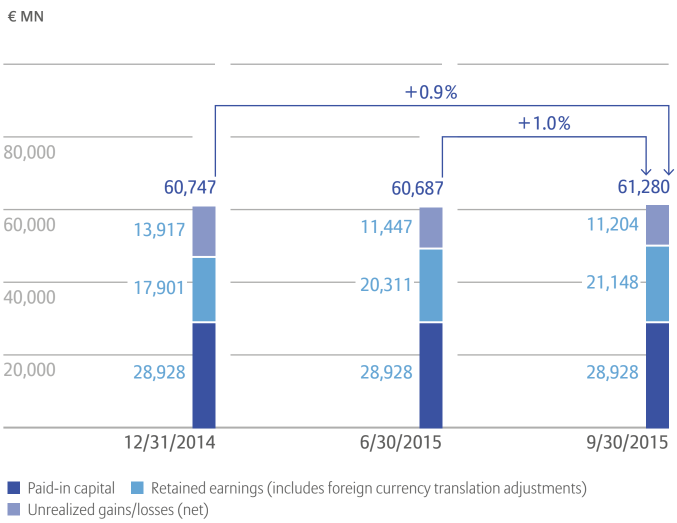
As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements, may severely affect the results of our operations.

Balance Sheet Review

– Shareholders' equity up by € 0.5 BN to € 61.3 BN.
– Conglomerate solvency ratio increased 14 percentage points to 195 %.[1]

Shareholders' equity[2]

SHAREHOLDERS' EQUITY



Compared to year-end, ***shareholders' equity*** increased by € 534 MN to € 61,280 MN as of 30 September 2015. Unrealized gains in shareholders' equity decreased by € 2,713 MN mainly due to realizations on both debt securities and equities as well as lower fair values of debt securities – particularly related to corporate bonds. In addition, shareholders' equity was lowered by the € 3,112 MN dividend payout in May 2015. However, these effects were largely offset by our net income attributable to shareholders of € 5,198 MN and the € 489 MN increase in foreign currency translation adjustments that mainly resulted from the depreciation of the Euro against the U.S. Dollar and the Swiss Franc that was only partly offset by its appreciation against the Turkish Lira, the Australian Dollar and the Brazilian Real over the first nine months of 2015.

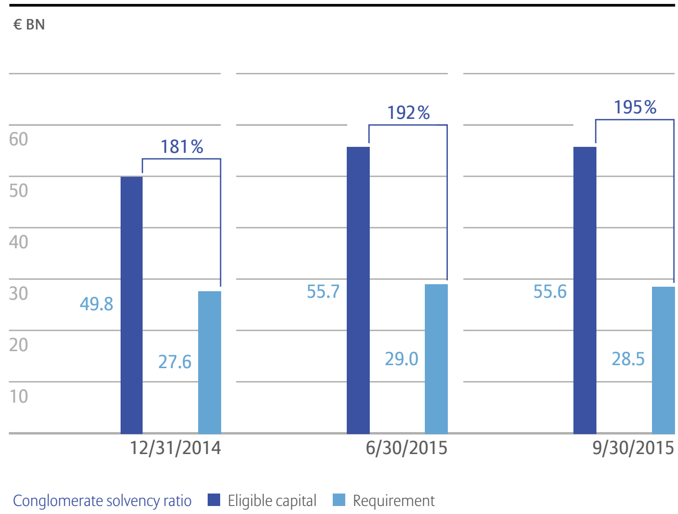
1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 September 2015 and 31 December 2014 would be 187 % and 172 %, respectively.

2 — This does not include non-controlling interests of € 2,846 MN, € 2,824 MN and € 2,955 MN as of 30 September 2015, 30 June 2015 and 31 December 2014, respectively. For further information, please refer to note 20 to the condensed consolidated interim financial statements. Retained earnings include foreign currency translation adjustments of € (1,488) MN, € (885) MN, and € (1,977) MN as of 30 September 2015, 30 June 2015 and 31 December 2014, respectively.

Regulatory capital adequacy

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet their solvency requirements on a consolidated basis, which we refer to as "eligible capital".

CONGLOMERATE SOLVENCY[1]



1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratio would be 187 % as of 30 September 2015 (30 June 2015: 184 %; 31 December 2014: 172 %).

Compared to 31 December 2014, our ***conglomerate solvency ratio*** strengthened 14 percentage points to 195 %. The Group's eligible capital for solvency purposes went up by € 5.7 BN to € 55.6 BN, including off-balance sheet reserves of € 2.4 BN (31 December 2014: € 2.3 BN). This increase was mainly driven by our net income (net of accrued dividends) of € 2.6 BN and the issuance of a subordinated bond (€ 1.5 BN). To a lesser extent, changes in deferred tax assets/liabilities and intangibles as well as lower actuarial losses on the valuation of our pension benefit obligation also contributed to this increase. The required funds were up by € 0.9 BN to € 28.5 BN, mainly because of higher aggregate policy reserves in the Life/Health business segment, but also due to strong nominal growth in our Property-Casualty business segment in the first nine months of 2015. This was only partly offset by lower required funds for our Asset Management business segment due to an amended calculation methodology. At 30 September 2015, our eligible capital surpassed the minimum legally stipulated level by € 27.1 BN.

Total assets and total liabilities

As of 30 September 2015, total assets amounted to € 835.6 BN and total liabilities were € 771.5 BN. Compared to year-end 2014, total assets and total liabilities increased by € 29.8 BN and € 29.4 BN, respectively.

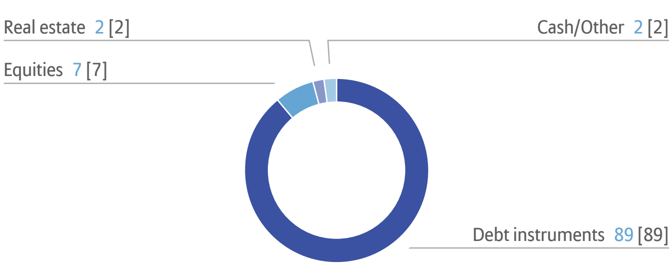
The following section mainly focuses on our financial investments in debt instruments, equities, real estate and cash, since these reflect the major developments in our asset base.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The following portfolio overview covers the Allianz Group assets held for investment, which are mainly driven by our insurance businesses.

ASSET ALLOCATION

Investment portfolio as of 30 September 2015: € 630.8 BN
[as of 31 December 2014: € 614.6 BN] in %



Compared to year-end 2014, our investment portfolio grew by € 16.2 BN to € 630.8 BN as of 30 September 2015, with no relative change in our overall asset allocation despite some major realizations.

Our direct gross exposure to *equities* amounted to € 43.3 BN – an uptick of € 2.0 BN compared to year-end. The growth in this exposure was driven by new investments. Mainly as a result of increased hedging of this exposure against share price declines, our equity gearing[1] decreased from 25 % as of year-end to 22 %.

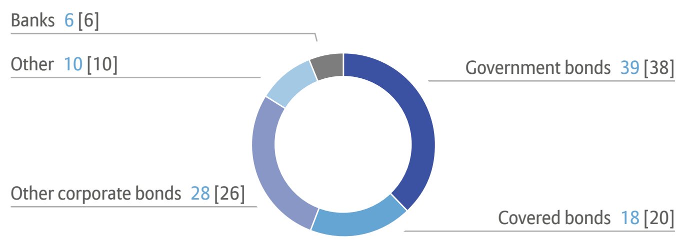
Our direct exposure to *real estate* increased by € 0.4 BN to € 11.8 BN mainly due to new investments.

Our *cash and other investments* decreased by € 0.5 BN to € 11.7 BN.

Our exposure to *debt instruments* was up by € 14.3 BN to € 564.1 BN. This was mainly driven by new investments. This exposure still represented 89 % of our investment portfolio.

FIXED INCOME PORTFOLIO

Total fixed income portfolio as of 30 September 2015: € 564.1 BN
[as of 31 December 2014: € 549.8 BN] in %



The allocation of our well-diversified fixed income portfolio remained rather stable, with a modest increase in the share of corporate and government bonds accompanied by a minor reduction in the portion of covered bonds. About 94 % of this portfolio of debt instruments was invested in investment-grade bonds and loans.[2]

Over the first nine months of 2015, our *government bond exposure* grew by € 8.9 BN to € 218.2 BN – representing an uptick from 38 % to 39 % of our fixed income portfolio. The increase in absolute terms was mainly driven by new investments. The allocation of our government and government-related direct bond exposure showed marginal changes in the portfolio weightings, most of which were close to a percentage point. Our sovereign debt exposure in Italy and Spain equaled 5.3 % and 1.6 % of our fixed income portfolio, respectively. The corresponding unrealized gains (gross) amounted to € 5,285 MN in Italy and to € 583 MN in Spain. Our government bond exposure in Portugal remained limited, with small unrealized gains. We continued to have virtually no exposure to Greek or Ukrainian government bonds. The respective exposure to Russia was relatively small in the context of our overall portfolio and the greatest part of this exposure was denominated in U.S. Dollar.

Our *covered bond exposure* decreased by € 7.6 BN to € 100.1 BN, representing 18 % (31 December 2014: 20 %) of our fixed income portfolio. This decrease was mainly due to matured bonds which have not been reinvested within this asset class. 42 % (31 December 2014: 44 %) of this portfolio was German Pfandbriefe, backed by either public sector loans or mortgage loans. Almost unchanged, another 16 %, 10 % and 7 % of the covered bonds were attributable to France, Spain and Italy, respectively. Covered bonds provide a cushion against real

1 — Equity gearing is defined as the ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholders' equity plus off-balance sheet reserves less goodwill.

2 — Excluding self-originated German private retail mortgage loans. For 2 %, no ratings were available.

estate price deterioration and payment defaults through minimum required security buffers and overcollateralization.

The value of our *corporate bonds* increased by € 12.6 BN to € 157.7 BN, and in relative terms, two percentage points to 28 %. This was primarily driven by new investments. The slight regional shift from Eurozone corporate bonds to North American ones, as reported for 2014, continued in the first nine months of 2015. This was again mainly driven by value increases in U.S. Dollar-denominated exposures due to the respective exchange rate movement and new investments.

Our exposure to *bank securities* – including exposure to subordinated securities in banks – remained flat at € 32.2 BN (31 December 2014: € 32.4 BN) and still represented 6 % of our fixed income portfolio. The exposure to subordinated securities in banks decreased from € 5.3 BN to € 4.7 BN.

Our exposure to asset-backed securities (ABS) amounted to € 22.1 BN, marginally down from € 22.9 BN as of year-end. This exposure still accounted for 4 % of our fixed income portfolio. About 72 % of our ABS portfolio was related to mortgage-backed securities (MBS). MBS issued by U.S. agencies, which are backed by the U.S. government, accounted for 16 % of the ABS portfolio. Overall, 97 % of the ABS portfolio received an investment grade rating, with 87 % rated "AA" or better.

INVESTMENT RESULT

INVESTMENT INCOME (NET)

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Operating investment result				
Interest and similar income (net)[1]	5,494	5,196	16,663	15,673
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,254)	(177)	(1,901)	(449)
Operating realized gains/losses (net)	1,279	709	5,468	2,272
Operating impairments of investments (net)	(835)	(106)	(1,038)	(453)
Investment expenses	(268)	(261)	(770)	(693)
Subtotal	**4,416**	**5,360**	**18,423**	**16,352**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(12)	(54)	(124)	(155)
Non-operating realized gains/losses (net)	150	184	892	552
Non-operating impairments of investments (net)	(155)	(50)	(218)	(139)
Subtotal	**(17)**	**79**	**550**	**258**
Total investment income (net)	**4,399**	**5,440**	**18,973**	**16,610**

1 — Net of interest expenses (excluding interest expenses from external debt).

2015 to 2014 third quarter comparison

Our *total investment income (net)* decreased by € 1,041 MN to € 4,399 MN, as a significant decrease in operating income from financial assets and liabilities carried at fair value through income (net) and a substantial increase in impairments of investments (net) could only be partially compensated for by higher operating realized gains and interest and similar income (net)[1].

2015 to 2014 first nine months comparison

Our *total investment income (net)* increased by € 2,364 MN to € 18,973 MN, primarily due to significantly higher realized gains and supported by higher interest and similar income (net).[1] This was partly offset by a significant decrease in operating income from financial assets and liabilities carried at fair value through income (net).

Operating investment result

2015 to 2014 third quarter comparison

Our *operating investment income (net)* suffered from € 1,077 MN higher losses in operating income from financial assets and liabilities carried at fair value through income (net) and increased impairments in line with the market developments – up by € 729 MN.

Operating income from financial assets and liabilities carried at fair value through income (net) worsened from a loss of € 177 MN to a loss of € 1,254 MN. This was mainly due to losses from the net of foreign currency translation effects and financial derivatives that are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures. The previous year's quarter's foreign currency result benefited from the strengthening of the U.S. Dollar against the Euro. Furthermore, the deterioration was related to the depreciation of several emerging market currencies against the Euro during the third quarter of 2015.

Our *operating impairments of investments (net)* increased from a comparatively low level of € 106 MN to € 835 MN. These impairments were largely related to equities and were consistent with unfavorable developments in the respective equity markets in the third quarter. Impairments on emerging market debt funds triggered by unfavorable currency movements in previous quarters also contributed to the increase.

1 — Net of interest expenses (excluding interest expenses from external debt).

Operating realized gains and losses (net) were up by € 570 MN to € 1,279 MN. This was entirely driven by higher realizations on debt securities.

Interest and similar income (net)[1] increased by € 299 MN to € 5,494 MN. This was driven by higher income from debt securities as a result of favorable currency effects and supported by a higher asset base as well as by higher income from equities.

Investment expenses remained almost unchanged at € 268 MN (3Q 2014: € 261 MN).

2015 to 2014 first nine months comparison

Our *operating investment income (net)* went up by € 2,071 MN to € 18,423 MN. Over the first nine months, the increase in realizations on both debt securities and equities – which were up by € 3,196 MN – and € 990 MN higher interest and similar income (net)[1] were only partly offset by the increased loss in operating income from financial assets and liabilities carried at fair value through income (net) and an increase in operating impairments of investments (net).

Non-operating investment result

2015 to 2014 third quarter comparison

Our *non-operating investment income (net)* decreased from € 79 MN to a loss of € 17 MN. This was driven by an increase in non-operating impairments of investments (net) consistent with our operating impairments.

2015 to 2014 first nine months comparison

Our *non-operating investment income (net)* increased by € 293 MN to € 550 MN primarily due to higher non-operating realized gains. This was only partly offset by increased non-operating impairments of investments (net).

1 — Net of interest expenses (excluding interest expenses from external debt).

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY BUSINESS SEGMENT

Property-Casualty assets

Compared to year-end, the Property-Casualty asset base remained almost unchanged at € 110.0 BN (31 December 2014: € 109.2 BN). A slight increase in debt securities was compensated for by a decrease in loans and advances to banks and customers.

COMPOSITION OF ASSET BASE — FAIR VALUES[1]

€ BN

	as of 30 September 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	0.4	0.4
Debt securities	0.1	0.1
Other[2]	–	–
Subtotal	**0.5**	**0.5**
Investments[3]		
Equities	6.3	6.3
Debt securities	74.4	72.4
Cash and cash pool assets[4]	5.6	5.6
Other	9.7	9.5
Subtotal	**96.0**	**93.8**
Loans and advances to banks and customers	**13.4**	**15.0**
Property-Casualty asset base	**110.0**	**109.2**

1 — Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.
2 — This comprises assets of € 0.1 BN and € 0.1 BN and liabilities of € (0.1) BN and € (0.1) BN as of 30 September 2015 and 31 December 2014, respectively.
3 — These do not include affiliates of € 9.0 BN and € 8.9 BN as of 30 September 2015 and 31 December 2014, respectively.
4 — Including cash and cash equivalents, as stated in our business segment balance sheet of € 4.1 BN and € 3.7 BN and receivables from cash pooling amounting to € 3.2 BN and € 4.2 BN, net of liabilities from securities lending and derivatives of € (0.1) BN and € (0.1) BN, as well as liabilities from cash pooling of € (1.6) BN and € (2.1) BN as of 30 September 2015 and 31 December 2014, respectively.

ABS within the Property-Casualty business segment asset base decreased by € 0.5 BN to € 3.5 BN and represented 3.2 % (31 December 2014: 3.7 %) of the business segment's asset base.

Property-Casualty liabilities

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES[1]

€ BN

	Gross	Ceded	Net
As of 1 January 2015	58.9	(6.6)	52.3
Balance carry forward of discounted loss reserves[2]	3.6	(0.3)	3.3
Subtotal	**62.5**	**(6.9)**	**55.6**
Loss and loss adjustment expenses paid in current year relating to previous years	(12.1)	1.0	(11.0)
Loss and loss adjustment expenses incurred in previous years	(1.4)	0.2	(1.3)
Foreign currency translation adjustments and other changes	1.0	(0.4)	0.6
Changes in reserves for loss and loss adjustment expenses in current year	15.0	(1.5)	13.5
Subtotal	**65.0**	**(7.6)**	**57.4**
Ending balance of discounted loss reserves[2]	(3.8)	0.3	(3.4)
As of 30 September 2015	**61.2**	**(7.3)**	**54.0**

1 — For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 15 to the condensed consolidated interim financial statements.

2 — Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet in 2013, the underlying business development of these Property-Casualty reserves is still considered in the loss and loss adjustment expenses and in the loss ratio, and is therefore included in the development of the reserves above.

As of 30 September 2015, the business segment's gross reserves for loss and loss adjustment expenses and discounted loss reserves amounted to € 65.0 BN – an increase of € 2.5 BN compared to year-end 2014. On a net basis, our reserves – including discounted loss reserves – increased from € 55.6 BN to € 57.4 BN. Foreign currency translation effects and other changes contributed € 0.6 BN to this increase on a net basis.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH BUSINESS SEGMENT

Life/Health assets

The Life/Health business segment asset base increased by € 20.1 BN to € 585.5 BN. This was largely driven by an increased volume of debt securities and financial assets for unit-linked contracts and was also supported by slightly higher equities. Lower cash and cash pool assets only marginally offset those developments.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN

	as of 30 September 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	2.2	1.8
Debt securities	2.5	2.0
Other[1]	(7.0)	(6.8)
Subtotal	**(2.3)**	**(3.0)**
Investments[2]		
Equities	34.2	32.2
Debt securities	343.4	331.8
Cash and cash pool assets[3]	6.9	8.0
Other	10.5	10.4
Subtotal	**395.0**	**382.4**
Loans and advances to banks and customers	**92.1**	**91.4**
Financial assets for unit-linked contracts[4]	**100.7**	**94.6**
Life/Health asset base	**585.5**	**565.4**

1 — This comprises assets of € 1.7 BN and € 1.4 BN and liabilities (including the market value liability option) of € (8.7) BN and € (8.2) BN as of 30 September 2015 and 31 December 2014, respectively.

2 — These do not include affiliates of € 0.2 BN and € 0.2 BN as of 30 September 2015 and 31 December 2014, respectively.

3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 7.9 BN and € 7.6 BN and receivables from cash pooling amounting to € 1.9 BN and € 3.1 BN, net of liabilities from securities lending and derivatives of € (2.7) BN and € (2.6) BN, as well as liabilities from cash pooling of € (0.2) BN and € (0.0) BN as of 30 September 2015 and 31 December 2014, respectively.

4 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

ABS within the Life/Health business segment asset base remained flat at € 16.8 BN and represented an almost unchanged 2.9 % of the business segment's asset base.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS[1]

€ BN

	Unit-linked insurance contracts	Unit-linked investment contracts	Total
As of 1 January 2015	**62.7**	**31.9**	**94.6**
Net premium inflows (outflows)	3.8	3.9	7.7
Changes in fund value	(1.1)	(0.3)	(1.4)
Foreign currency translation adjustments	2.4	(0.4)	2.0
Other changes	(2.3)	0.1	(2.1)
As of 30 September 2015	**65.5**	**35.2**	**100.7**

1 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

Financial assets for unit-linked contracts increased by € 6.1 BN – or 6.5 % – to € 100.7 BN. Unit-linked insurance contracts increased by € 2.8 BN to € 65.5 BN due to premium inflows exceeding outflows by € 3.8 BN and the stronger U.S. Dollar (€ 2.1 BN). This was partly offset by declines in fund values in the United States (€ (1.1) BN) and transfers to the general account in France (€ (0.8) BN). Unit-linked investment contracts were up by € 3.3 BN to € 35.2 BN since premium inflows significantly exceeded outflows (net € 3.9 BN) while fund values decreased by € 0.3 BN and the weaker Turkish Lira triggered negative foreign currency translation adjustments of € 0.4 BN.[1]

Life/Health liabilities

Life/Health reserves for insurance and investment contracts increased by € 16.4 BN – or 3.6 % – in the first nine months of 2015 and amounted to € 465.6 BN. The € 13.5 BN increase in aggregate policy and other reserves was mainly driven by our operations in Germany (€ 6.8 BN) and the United States (€ 4.3 BN before currency effects). Reserves for premium refund decreased by € 3.9 BN due to lower unrealized gains to be shared with policyholders. Currency impacts of € 6.7 BN resulted from the stronger U.S. Dollar (€ 5.6 BN) and Swiss Franc (€ 1.3 BN) and were partially offset by some weaker Asian currencies.[1]

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT BUSINESS SEGMENT

Asset Management assets

The Asset Management business segment's results are derived primarily from asset management for third-party investors and the Allianz Group's insurance operations.[2] In this section, we refer only to the business segment's own assets.

The business segment's asset base remained almost unchanged at € 2.5 BN (31 December 2014: € 2.6 BN) and consisted largely of cash and cash pool assets.

Asset Management liabilities

Liabilities in our Asset Management business segment increased by € 0.6 BN to € 3.0 BN.

1 — Based on the closing rates on the respective balance sheet dates.
2 — For further information on the development of these assets, please refer to the Asset Management chapter.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER BUSINESS SEGMENT

Corporate and Other assets

The Corporate and Other asset base increased from € 44.7 BN to € 46.6 BN. A decrease in loans and advances to banks and customers was more than offset by an increase in debt securities and lower negative cash and cash pool asset positions.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN

	as of 30 September 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	0.1	0.1
Debt securities	0.3	0.2
Other[1]	(0.5)	(0.5)
Subtotal	–	**(0.1)**
Investments[2]		
Equities	2.7	2.7
Debt securities	31.0	28.4
Cash and cash pool assets[3]	(3.3)	(4.1)
Other	0.3	0.3
Subtotal	**30.6**	**27.3**
Loans and advances to banks and customers	**15.9**	**17.5**
Corporate and Other asset base	**46.6**	**44.7**

1 — This comprises assets of € 0.2 BN and € 0.2 BN and liabilities of € (0.7) BN and € (0.6) BN as of 30 September 2015 and 31 December 2014, respectively.
2 — These do not include affiliates of € 76.7 BN and € 77.2 BN as of 30 September 2015 and 31 December 2014, respectively.
3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 1.2 BN and € 2.0 BN and receivables from cash pooling amounting to € 1.3 BN and € 1.7 BN, net of liabilities from securities lending and derivatives of € (0.3) BN and € (0.0) BN, as well as liabilities from cash pooling of € (5.5) BN and € (7.9) BN as of 30 September 2015 and 31 December 2014, respectively.

ABS within the Corporate and Other business segment asset base decreased by € 0.2 BN to € 1.8 BN and in relative terms from 4.5 % as of year-end to 3.8 %.

Corporate and Other liabilities

In comparison to year-end 2014, other liabilities decreased by € 3.6 BN to € 24.4 BN, resulting from lower liabilities from cash pooling and other provisions mainly related to pension obligations. Subordinated liabilities increased by € 0.2 BN to € 12.2 BN. This was mainly related to the net effect of the issuance and redemptions of subordinated bonds.[3] Certificated liabilities dipped by € 0.2 BN to € 12.0 BN.[4]

3 — This net effect also includes the redemption of a subordinated bond of € 400 MN issued by Allianz France S.A., which was and is not listed separately in the bonds table shown on the next page.
4 — For further information on Allianz SE debt as of 30 September 2015, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

ALLIANZ SE BONDS[1] OUTSTANDING AS OF 30 SEPTEMBER 2015 AND INTEREST EXPENSES FOR THE FIRST NINE MONTHS OF 2015

1. SENIOR BONDS[2]		
4.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expenses		€ 46 MN
1.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.5 BN	
Year of issue	2013	
Maturity date	3/13/2018	
ISIN	DE 000 A1H G1J 8	
Interest expenses		€ 5 MN
4.75% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expenses		€ 55 MN
3.5% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	2/14/2022	
ISIN	DE 000 A1G 0RU 9	
Interest expenses		€ 40 MN
3.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.75 BN	
Year of issue	2013	
Maturity date	3/13/2028	
ISIN	DE 000 A1H G1K 6	
Interest expenses		€ 18 MN
4.5% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	GBP 0.75 BN	
Year of issue	2013	
Maturity date	3/13/2043	
ISIN	DE 000 A1H G1L 4	
Interest expenses		€ 38 MN
Total interest expenses for senior bonds		**€ 203 MN**
2. SUBORDINATED BONDS[3]		
5.75% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 2.0 BN	
Year of issue	2011	
Maturity date	7/8/2041	
ISIN	DE 000 A1G NAH 1	
Interest expenses		€ 87 MN
5.625% bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	10/17/2042	
ISIN	DE 000 A1R E1Q 3	
Interest expenses		€ 64 MN
2.241% bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2015	
Maturity date	7/7/2045	
ISIN	DE 000 A14 J9N 8	
Interest expenses		€ 16 MN
4.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.4 BN	
Year of issue	2005	
Maturity date	PERPETUAL	
ISIN	XS 021 163 783 9	
Interest expenses		€ 47 MN
5.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.8 BN	
Year of issue	2006	
Maturity date	PERPETUAL	
ISIN	DE 000 A0G NPZ 3	
Interest expenses		€ 32 MN
5.5% bond issued by Allianz SE		
Volume	USD 1.0 BN	
Year of issue	2012	
Maturity date	PERPETUAL	
ISIN	XS 085 787 250 0	
Interest expenses		€ 40 MN
4.75% bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2013	
Maturity date	PERPETUAL	
ISIN	DE 000 A1Y CQ2 9	
Interest expenses		€ 54 MN
3.25% bond issued by Allianz SE		
Volume	CHF 0.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL	
ISIN	CH 023 483 337 1	
Interest expenses		€ 13 MN
3.375% bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL	
ISIN	DE 000 A13 R7Z 7	
Interest expenses		€ 39 MN
Total interest expenses for subordinated bonds		**€ 392 MN**
3. ISSUES REDEEMED IN 2015		
6.5% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.0 BN	
Year of issue	2002	
Maturity date	1/13/2025	
ISIN	XS 015 952 750 5	
Interest expenses		€ 2 MN
Sum of interest expenses		**€ 597 MN**
Interest expenses from external debt not presented in the table		€ 40 MN
Total interest expenses from external debt		**€ 637 MN**

1 — For further information on Allianz SE debt (issued or guaranteed) as of 30 September 2015, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

2 — Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency.

3 — The terms of the subordinated bonds do not explicitly provide for early termination rights in favor of the bondholder.

Reconciliations

The previous analysis is based on our condensed consolidated interim financial statements and should be read in conjunction with them. In addition to our figures stated in accordance with the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRS.

For further information, please refer to note 4 to the condensed consolidated interim financial statements.

Composition of total revenues

Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

COMPOSITION OF TOTAL REVENUES

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Property-Casualty				
Gross premiums written	**11,521**	**11,254**	**40,704**	**37,317**
Life/Health				
Statutory premiums	**14,313**	**15,853**	**49,854**	**49,977**
Asset Management				
Operating revenues	**1,636**	**1,618**	**4,757**	**4,742**
consisting of:				
Net fee and commission income	1,643	1,617	4,769	4,734
Net interest income[1]	(2)	(2)	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(5)	2	(9)	5
Other income	1	1	2	6
Corporate and Other				
thereof: Total revenues (Banking)	**146**	**135**	**416**	**405**
consisting of:				
Interest and similar income	143	146	418	445
Income from financial assets and liabilities carried at fair value through income (net)[2]	4	3	13	9
Fee and commission income	128	123	407	364
Interest expenses, excluding interest expenses from external debt	(51)	(64)	(163)	(194)
Fee and commission expenses	(76)	(73)	(258)	(219)
Consolidation effects within Corporate and Other	(2)	(1)	–	1
Consolidation	**(86)**	**(80)**	**(261)**	**(241)**
Allianz Group total revenues	**27,531**	**28,781**	**95,469**	**92,201**

1 — Represents interest and similar income less interest expenses.
2 — Includes trading income.

Composition of total revenue growth

We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals and transfers (or "changes in scope of consolidation") are analyzed separately. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

%

	three months ended 30 September 2015				nine months ended 30 September 2015			
	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	0.4	–	2.0	2.4	2.6	2.5	4.0	9.1
Life/Health	(12.2)	(1.0)	3.3	(9.7)	(4.2)	(0.9)	4.8	(0.2)
Asset Management	(11.3)	–	12.5	1.1	(13.3)	–	13.6	0.3
Corporate and Other	9.2	(0.7)	–	8.4	3.5	(0.7)	–	2.8
Allianz Group	**(7.2)**	**(0.5)**	**3.3**	**(4.3)**	**(1.9)**	**0.5**	**4.9**	**3.5**

Life/Health Insurance Operations

OPERATING PROFIT

The reconciling item *scope* comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are not in-scope entities is included in the investment margin. Currently, 20 entities comprising 96.6 % of Life/Health total statutory premiums are in scope.

Expenses

Expenses comprise acquisition expenses and commissions as well as administrative and other expenses.

The delta shown as *definitions* in acquisition expenses and commissions represents commission clawbacks, which are allocated to the technical margin. The delta shown as *definitions* in administrative and other expenses mainly represents restructuring charges, which are stated in a separate line item in the group income statement.

ACQUISITION, ADMINISTRATIVE, COMMISSIONS AND OTHER EXPENSES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Acquisition expenses and commissions[1]	(1,150)	(1,193)	(3,584)	(3,582)
Definitions	8	7	23	21
Scope	(81)	(78)	(286)	(249)
Acquisition costs incurred[2]	**(1,223)**	**(1,264)**	**(3,847)**	**(3,810)**
Administrative and other expenses[1]	(373)	(393)	(1,222)	(1,182)
Definitions	(35)	(29)	(99)	(82)
Scope	37	26	96	71
Administrative expenses on reinsurance business ceded	–	(1)	4	5
Administrative and other expenses (net)[2,3]	**(370)**	**(397)**	**(1,221)**	**(1,189)**

1 — As per Interim Group Management Report.
2 — As per notes to the condensed consolidated interim financial statements.
3 — Excluding one-off effects from pension revaluation. For further details, please refer to note 4 to the condensed consolidated interim financial statements.

Impact of change in Deferred Acquisition Costs (DAC)

Impact of change in DAC includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA) and is the net impact of the deferral and amortization of acquisition costs and front-end loadings on operating profit.

URR capitalized: Capitalization amount of unearned revenue reserves (URR) and deferred profit liabilities (DPL) for FAS 97 LP.

URR amortized: Total amount of URR amortized includes scheduled URR amortization, true-up and unlocking.

Both capitalization and amortization is included in the line item premiums earned (net) in the group income statement.

Policyholder participation is included within change in reserves for insurance and investment contracts (net) in the group income statement.

CAPITALIZATION AND AMORTIZATION OF DAC

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Capitalization of DAC[1]	405	466	1,302	1,470
Definition: URR capitalized	143	133	456	378
Definition: policyholder participation[2]	186	187	612	614
Scope	23	22	116	94
Capitalization of DAC[3]	**757**	**808**	**2,487**	**2,556**
Amortization, unlocking and true-up of DAC[1]	(660)	(427)	(1,602)	(1,079)
Definition: URR amortized	(10)	7	(215)	(48)
Definition: policyholder participation[2]	(276)	(220)	(796)	(619)
Scope	(25)	(21)	(86)	(72)
Amortization, unlocking and true-up of DAC[3]	**(971)**	**(661)**	**(2,700)**	**(1,818)**

1 — As per Interim Group Management Report.
2 — For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
3 — As per notes to the condensed consolidated interim financial statements.

RECONCILIATION TO NOTES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Acquisition expenses and commissions[1]	(1,150)	(1,193)	(3,584)	(3,582)
Administrative and other expenses[1]	(373)	(393)	(1,222)	(1,182)
Capitalization of DAC[1]	405	466	1,302	1,470
Amortization, unlocking and true-up of DAC[1]	(660)	(427)	(1,602)	(1,079)
Acquisition and administrative expenses	**(1,778)**	**(1,548)**	**(5,105)**	**(4,374)**
Definitions	15	86	(20)	264
Scope	(45)	(51)	(159)	(156)
Commissions and profit received on reinsurance business ceded	30	26	84	72
Administrative expenses on reinsurance business ceded	–	(1)	4	5
Acquisition and administrative expenses (net)[2,3]	**(1,777)**	**(1,488)**	**(5,197)**	**(4,189)**

1 — As per Interim Group Management Report.
2 — As per notes to the condensed consolidated interim financial statements.
3 — Excluding one-off effects from pension revaluation. For further details, please refer to note 4 to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

€ MN

	note	as of 30 September 2015	as of 31 December 2014
ASSETS			
Cash and cash equivalents		13,621	13,863
Financial assets carried at fair value through income	5	7,226	5,875
Investments	6	505,375	486,445
Loans and advances to banks and customers	7	115,012	117,075
Financial assets for unit-linked contracts		100,681	94,564
Reinsurance assets	8	15,435	13,587
Deferred acquisition costs	9	24,159	22,262
Deferred tax assets		1,092	1,046
Other assets	10	38,738	37,080
Non-current assets and assets of disposal groups classified as held for sale	11	155	235
Intangible assets	12	14,083	13,755
Total assets		**835,577**	**805,787**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	13	9,008	8,496
Liabilities to banks and customers	14	24,885	23,015
Unearned premiums		22,311	19,800
Reserves for loss and loss adjustment expenses	15	71,716	68,989
Reserves for insurance and investment contracts	16	479,732	463,334
Financial liabilities for unit-linked contracts		100,681	94,564
Deferred tax liabilities		4,370	4,932
Other liabilities	17	37,758	38,609
Liabilities of disposal groups classified as held for sale	11	41	102
Certificated liabilities	18	8,718	8,207
Subordinated liabilities	19	12,231	12,037
Total liabilities		**771,451**	**742,085**
Shareholders' equity		61,280	60,747
Non-controlling interests		2,846	2,955
Total equity	20	**64,126**	**63,702**
Total liabilities and equity		**835,577**	**805,787**

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

€ MN

		three months ended 30 September		nine months ended 30 September	
	note	2015	2014	2015	2014
Gross premiums written		**17,177**	**17,393**	**59,301**	**56,301**
Ceded premiums written		(1,164)	(1,118)	(4,668)	(3,609)
Change in unearned premiums		1,144	760	(1,942)	(2,270)
Premiums earned (net)	**21**	**17,157**	**17,035**	**52,692**	**50,421**
Interest and similar income	22	5,580	5,299	16,948	15,976
Income from financial assets and liabilities carried at fair value through income (net)	23	(1,266)	(231)	(2,024)	(604)
Realized gains/losses (net)	24	1,429	893	6,361	2,825
Fee and commission income	25	2,746	2,590	8,063	7,536
Other income	26	38	37	394	160
Income from fully consolidated private equity investments	27	185	170	540	513
Total income		**25,870**	**25,793**	**82,973**	**76,828**
Claims and insurance benefits incurred (gross)		(13,309)	(12,910)	(39,784)	(38,204)
Claims and insurance benefits incurred (ceded)		840	542	2,217	1,770
Claims and insurance benefits incurred (net)	**28**	**(12,469)**	**(12,368)**	**(37,567)**	**(36,434)**
Change in reserves for insurance and investment contracts (net)	29	(1,986)	(3,419)	(11,685)	(10,457)
Interest expenses	30	(297)	(315)	(921)	(925)
Loan loss provisions	31	(15)	(7)	(39)	(31)
Impairments of investments (net)	32	(991)	(156)	(1,256)	(592)
Investment expenses	33	(268)	(261)	(770)	(693)
Acquisition and administrative expenses (net)	34	(6,427)	(5,839)	(19,006)	(16,873)
Fee and commission expenses	35	(952)	(847)	(2,842)	(2,459)
Amortization of intangible assets		(36)	(34)	(113)	(83)
Restructuring charges		(40)	(1)	(190)	8
Other expenses	36	(33)	(46)	(93)	(101)
Expenses from fully consolidated private equity investments	27	(199)	(181)	(557)	(529)
Total expenses		**(23,711)**	**(23,474)**	**(75,041)**	**(69,170)**
Income before income taxes		**2,159**	**2,319**	**7,932**	**7,658**
Income taxes	37	(720)	(632)	(2,444)	(2,373)
Net income		**1,440**	**1,687**	**5,488**	**5,285**
Net income attributable to:					
Non-controlling interests		81	81	290	283
Shareholders		1,359	1,606	5,198	5,002
Basic earnings per share (€)	39	2.99	3.54	11.44	11.02
Diluted earnings per share (€)	39	2.98	3.52	11.43	10.95

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Net income	**1,440**	**1,687**	**5,488**	**5,285**
Other comprehensive income				
Items that may be reclassified to profit or loss in future periods				
Foreign currency translation adjustments				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(653)	906	493	1,154
Subtotal	**(653)**	**906**	**493**	**1,154**
Available-for-sale investments				
Reclassifications to net income	(145)	(127)	(1,100)	(399)
Changes arising during the period	(185)	1,362	(1,590)	6,050
Subtotal	**(330)**	**1,235**	**(2,690)**	**5,651**
Cash flow hedges				
Reclassifications to net income	(3)	3	(7)	16
Changes arising during the period	82	(3)	(55)	32
Subtotal	**78**	**–**	**(62)**	**49**
Share of other comprehensive income of associates and joint ventures				
Reclassifications to net income	–	–	6	–
Changes arising during the period	(29)	35	60	36
Subtotal	**(30)**	**35**	**66**	**36**
Miscellaneous				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(8)	(35)	(3)	(51)
Subtotal	**(8)**	**(35)**	**(3)**	**(51)**
Items that may never be reclassified to profit or loss				
Actuarial gains and losses on defined benefit plans	143	(464)	419	(1,155)
Total other comprehensive income	**(799)**	**1,677**	**(1,777)**	**5,684**
Total comprehensive income	**641**	**3,364**	**3,712**	**10,969**
Total comprehensive income attributable to:				
Non-controlling interests	41	131	282	409
Shareholders	600	3,233	3,430	10,560

For further details concerning income taxes relating to components of the other comprehensive income, please see note 37.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

€ MN	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2014	**28,869**	**17,786**	**(3,313)**	**6,742**	**50,083**	**2,765**	**52,849**
Total comprehensive income[1]	–	3,838	1,083	5,639	10,560	409	10,969
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	6	–	–	6	–	6
Transactions between equity holders	–	(41)	(4)	–	(46)	(40)	(85)
Dividends paid	–	(2,405)	–	–	(2,405)	(244)	(2,649)
Balance as of 30 September 2014	**28,869**	**19,184**	**(2,234)**	**12,380**	**58,199**	**2,890**	**61,089**
Balance as of 1 January 2015	28,928	19,878	(1,977)	13,917	60,747	2,955	63,702
Total comprehensive income[1]	–	5,653	491	(2,714)	3,430	282	3,712
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	8	–	–	8	–	8
Transactions between equity holders	–	210	(3)	1	208	(188)	20
Dividends paid	–	(3,112)	–	–	(3,112)	(203)	(3,315)
Balance as of 30 September 2015	**28,928**	**22,636**	**(1,488)**	**11,204**	**61,280**	**2,846**	**64,126**

1 — Total comprehensive income in shareholders' equity for the nine months ended 30 September 2015 comprises net income attributable to shareholders of € 5,198 MN (2014: € 5,002 MN).

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN nine months ended 30 September	2015	2014
SUMMARY		
Net cash flow provided by operating activities	19,483	26,455
Net cash flow used in investing activities	(16,714)	(23,136)
Net cash flow used in financing activities	(3,363)	(3,241)
Effect of exchange rate changes on cash and cash equivalents	353	374
Change in cash and cash equivalents	**(242)**	**451**
Cash and cash equivalents at beginning of period	13,863	11,207
Cash and cash equivalents at end of period	**13,621**	**11,658**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**5,488**	**5,285**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(223)	(115)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(5,101)	(2,215)
Other investments, mainly financial assets held for trading and designated at fair value through income	2,373	1,691
Depreciation and amortization	1,020	886
Loan loss provisions	39	31
Interest credited to policyholder accounts	3,942	2,935
Net change in:		
Financial assets and liabilities held for trading	(2,363)	572
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(248)	205
Repurchase agreements and collateral received from securities lending transactions	1,851	211
Reinsurance assets	(1,603)	(548)
Deferred acquisition costs	227	(1,067)
Unearned premiums	2,623	2,565
Reserves for loss and loss adjustment expenses	2,263	1,387
Reserves for insurance and investment contracts	11,886	17,441
Deferred tax assets/liabilities	395	188
Other (net)	(3,088)	(2,997)
Subtotal	**13,995**	**21,169**
Net cash flow provided by operating activities	**19,483**	**26,455**

CONSOLIDATED STATEMENTS OF CASH FLOWS — CONTINUED

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN nine months ended 30 September	2015	2014
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	989	1,144
Available-for-sale investments	114,780	93,525
Held-to-maturity investments	2,376	449
Investments in associates and joint ventures	424	557
Non-current assets and disposal groups classified as held for sale	188	170
Real estate held for investment	315	267
Loans and advances to banks and customers (purchased loans)	8,818	6,739
Property and equipment	106	93
Subtotal	**127,997**	**102,945**
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(1,703)	(1,323)
Available-for-sale investments	(132,050)	(115,743)
Held-to-maturity investments	(2,128)	(251)
Investments in associates and joint ventures	(574)	(438)
Non-current assets and disposal groups classified as held for sale	–	(24)
Real estate held for investment	(752)	(749)
Loans and advances to banks and customers (purchased loans)	(3,472)	(3,654)
Property and equipment	(1,514)	(1,159)
Subtotal	**(142,193)**	**(123,342)**
Business combinations (note 3)[1]:		
Proceeds from sale of subsidiaries, net of cash disposed	–	–
Acquisitions of subsidiaries, net of cash acquired	–	(200)
Change in other loans and advances to banks and customers (originated loans)	**(1,911)**	**(2,214)**
Other (net)	**(606)**	**(326)**
Net cash flow used in investing activities	**(16,714)**	**(23,136)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	(468)	(896)
Proceeds from the issuance of certificated liabilities and subordinated liabilities	4,112	3,379
Repayments of certificated liabilities and subordinated liabilities	(3,561)	(2,947)
Cash inflow from capital increases	–	–
Transactions between equity holders	20	(73)
Dividends paid to shareholders	(3,315)	(2,649)
Net cash from sale or purchase of treasury shares	11	8
Other (net)	(161)	(63)
Net cash flow used in financing activities	**(3,363)**	**(3,241)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(1,889)	(1,992)
Dividends received	1,541	1,212
Interest received	15,136	14,579
Interest paid	(981)	(957)

1 — The consideration for the Property-Casualty business of the Territory Insurance Office (TIO) in Darwin has already been paid in 2014 and was therefore already included in the consolidated statement of cash flows for the year ended 31 December 2014. As a consequence, the cash flow for the nine months ended 30 September 2015 included in the line "Acquisition of subsidiaries, net of cash acquired" is not reconcilable with note 3.

Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

1 — Basis of presentation

The condensed consolidated interim financial statements of the Allianz Group – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and selected explanatory notes – are presented in accordance with the requirements of IAS 34, Interim Financial Reporting, and have been prepared in conformity with International Financial Reporting Standards (IFRSs), as adopted under European Union (E.U.) regulations in accordance with § 315a of the German Commercial Code (HGB). IFRSs comprise the International Financial Reporting Standards (IFRSs), the International Accounting Standards (IASs) and the interpretations developed by the IFRS Interpretations Committee (formerly called the IFRIC) or the former Standing Interpretations Committee (SIC).

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRSs issued by the IASB that are endorsed by the E.U. and are compulsory as of 1 January 2015. For further information, please see note 2.

For existing and unchanged IFRSs, the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended 31 December 2014, except for the change in presentation as described in note 2. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2014.

IFRSs do not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005 have been applied.

The condensed consolidated interim financial statements are presented in millions of Euros (€ MN), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 5 November 2015.

2 — Recently adopted accounting pronouncements and change in presentation

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

effective 1 January 2015

The following interpretation as well as the amendments to and revisions of existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2015:

- IFRIC 21, Levies,
- IAS 19, Defined Benefit Plan: Employee Contributions,
- Annual Improvements to IFRSs 2010 – 2012 Cycle,
- Annual Improvements to IFRSs 2011 – 2013 Cycle.

These changes had no material impact on the financial results or financial position of the Allianz Group.

CHANGE IN PRESENTATION

Since the third quarter of 2015, certain changes in US life products have been presented net in a single line item in order to provide more relevant information. This change in presentation had no material impact.

3 — Consolidation

SIGNIFICANT ACQUISITION

Property-Casualty insurance business of the Territory Insurance Office (TIO), Darwin

Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO business), Darwin, and entered into a 10-year agreement to manage the compulsory motor accidents compensation scheme (MAC contract). The acquired TIO business includes, inter alia, all relevant insurance assets and liabilities, operations, employees and the brand name related to the TIO business.

The acquired TIO business represents insurance activities with premiums equal to approximately € 88 MN (for the year 2014). As a result of the acquisition, the Allianz Group expects to increase its presence in the Australian market. It also expects to reduce costs through economies of scale and through synergies in the reinsurance area.

The final consideration paid in cash amounts to € 150 MN.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed in the context of the TIO business and the MAC contract:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – IDENTIFIABLE ASSETS AND LIABILITIES

€ MN	Fair value
Cash and cash equivalents	11
Financial assets carried at fair value through income	79
Investments	50
Loans and advances to banks and customers	2
Reinsurance assets	32
Deferred tax assets	2
Other assets	72
Intangible assets	37
Total assets	**285**
Unearned premiums	(45)
Reserves for loss and loss adjustment expenses	(107)
Deferred tax liabilities	(18)
Other liabilities	(13)
Total liabilities	**(183)**
Total net identifiable assets	**102**

Intangible assets mainly consist of the fair values of the MAC contract, the TIO brand name, the customer relationships related to the acquired insurance portfolio and the present value of the transferred in-force business.

The fair values of other assets, intangible assets, deferred taxes and goodwill are provisional due to pending receipt of information about facts and circumstances that existed as of the acquisition date to finalize the initial valuations of those assets.

The acquired TIO business comprises a preliminary goodwill which was determined as follows as of 1 January 2015:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – DETERMINATION OF GOODWILL

€ MN	Fair value
Consideration transferred	150
Total net identifiable assets	102
Goodwill	**48**

The goodwill of € 48 MN of the business combination largely reflects the benefits associated with cost and reinsurance synergies as well as the ability to revert to an existing infrastructure in a new geographical market.

None of this goodwill is expected to be deductible for income tax purposes.

In administrative expenses, acquisition-related costs in the amount of € 1 MN were included in fiscal year 2014 and in the amount of € 3 MN in fiscal year 2015.

The impact of the acquired Property-Casualty insurance business of the Territory Insurance Office on the Allianz Group's total revenues and net income since the acquisition was € 64 MN and € (2) MN, respectively.

4 — Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

- German Speaking Countries and Central & Eastern Europe,
- Western & Southern Europe, Middle East, Africa, India,
- Iberia & Latin America,
- USA (Life/Health only),
- Global Insurance Lines & Anglo Markets,
- Asia Pacific,
- Allianz Worldwide Partners (Property-Casualty only).

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 16 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which the reportable segments derive revenues are described below.

Property-Casualty

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

Life/Health

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health and long-term care insurance.

Asset Management

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

Corporate and Other

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology and other functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy, the Netherlands and Bulgaria. The banks offer a wide range of products for corporate and retail clients, with a primary focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group's insurance operations. The reportable segment Alternative Investments also includes a fully consolidated private equity investment. The income and expenses of this investment are included in the non-operating result.

GENERAL SEGMENT REPORTING INFORMATION

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in the Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses. Financial information is recorded based on reportable segments. Cross-segmental country-specific information is not determined.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations,

- interest expenses from external debt, as these relate to the capital structure of the Allianz Group,

- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business,

- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance,

- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can vary, sometimes materially, over time,

- one-off effects from pension revaluation. Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries. Service costs incurred in this context are borne by the German subsidiaries and disbursed to Allianz SE. In the financial year 2014, the German subsidiaries of Allianz SE changed the application of the option provided by article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB) to distribute the conversion expenses due to the first-time application of the German Accounting Law Modernization Act (BilMoG) in 2010 over a period of up to 15 years in the way that the conversion expenses were fully recognized in the first quarter of 2014. Additionally, effective 1 January 2015, the cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE was adapted to reflect the changed interest rate environment. For both effects, the resulting one-off expenses at the German subsidiaries and one-off income at Allianz SE are shown as non-operating items. In case of policyholder participation within the Life/Health insurance business, the one-off expenses and the corresponding one-off income at Allianz SE are presented within operating profit. On the Allianz Group level, the one-off expenses and income offset each other. The only impact on the Allianz Group level is the related policyholder participation, which had a positive impact on income before income taxes of € 148 MN in 2015 and of € 116 MN in 2014.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.

- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even when they belong to policyholders. In the segment reporting, tax benefits are reclassified and shown within operating profit in order to adequately reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

RECENT ORGANIZATIONAL CHANGES

Effective 1 January 2015, the Allianz Group has reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The property-casualty insurance operations of the former reportable segment USA have been allocated to the reportable segment Global Insurance Lines & Anglo Markets.

Due to further changes in the Board of Management, effective 1 September 2015, the reportable segment Growth Markets ceased to exist. The reallocation of its former parts has led to changes in the structure, the renaming of other reportable segments as well as the introduction of a new reportable segment Asia Pacific which consists of the insurance business in this region. The insurance business in Central & Eastern Europe has been integrated in the previous reportable segment German Speaking Countries, which was renamed to German Speaking Countries and Central & Eastern Europe. The insurance business in Russia and Ukraine has been allocated to the reportable segment Global Insurance Lines & Anglo Markets. The insurance business in India, Middle East and North Africa has been integrated in the previous reportable segment Western & Southern Europe, which was renamed to Western & Southern Europe, Middle East, Africa, India.

Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments. Additionally, some minor reallocations between the reportable segments have been made.

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

€ MN	Property-Casualty		Life/Health	
	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014
ASSETS				
Cash and cash equivalents	4,102	3,668	7,909	7,555
Financial assets carried at fair value through income	606	601	6,372	5,238
Investments	99,373	97,129	388,328	374,589
Loans and advances to banks and customers	13,398	14,963	92,129	91,411
Financial assets for unit-linked contracts	–	–	100,681	94,564
Reinsurance assets	9,831	8,466	5,686	5,176
Deferred acquisition costs	4,733	4,595	19,426	17,667
Deferred tax assets	1,194	1,013	290	240
Other assets	23,275	23,494	17,493	18,723
Non-current assets and assets of disposal groups classified as held for sale	86	61	84	92
Intangible assets	2,699	2,722	3,164	3,063
Total assets	**159,296**	**156,710**	**641,561**	**618,318**

€ MN	Property-Casualty		Life/Health	
	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	93	129	8,696	8,240
Liabilities to banks and customers	933	878	4,676	4,273
Unearned premiums	18,858	16,595	3,478	3,222
Reserves for loss and loss adjustment expenses	61,229	58,925	10,524	10,081
Reserves for insurance and investment contracts	14,287	14,276	465,647	449,263
Financial liabilities for unit-linked contracts	–	–	100,681	94,564
Deferred tax liabilities	2,478	2,681	3,637	4,226
Other liabilities	17,416	19,445	14,248	13,739
Liabilities of disposal groups classified as held for sale	41	–	–	–
Certificated liabilities	11	38	11	13
Subordinated liabilities	–	–	95	95
Total liabilities	**115,347**	**112,969**	**611,694**	**587,714**

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014
1,502	1,449	1,166	2,028	(1,057)	(838)	13,621	13,863
39	46	664	511	(455)	(521)	7,226	5,875
238	106	110,699	108,669	(93,263)	(94,048)	505,375	486,445
90	72	15,928	17,547	(6,533)	(6,917)	115,012	117,075
–	–	–	–	–	–	100,681	94,564
–	–	–	–	(82)	(55)	15,435	13,587
–	–	–	–	–	–	24,159	22,262
279	177	1,295	1,782	(1,966)	(2,167)	1,092	1,046
2,690	2,951	8,716	8,595	(13,435)	(16,684)	38,738	37,080
–	–	–	83	(15)	–	155	235
7,557	7,286	663	685	–	–	14,083	13,755
12,395	**12,087**	**139,130**	**139,900**	**(116,805)**	**(121,229)**	**835,577**	**805,787**

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014	as of 30 September 2015	as of 31 December 2014
–	–	670	648	(451)	(521)	9,008	8,496
174	174	22,743	20,749	(3,641)	(3,057)	24,885	23,015
–	–	–	–	(25)	(17)	22,311	19,800
–	–	–	–	(37)	(18)	71,716	68,989
–	–	–	–	(203)	(205)	479,732	463,334
–	–	–	–	–	–	100,681	94,564
10	2	211	189	(1,966)	(2,167)	4,370	4,932
2,845	2,231	24,401	28,028	(21,152)	(24,834)	37,758	38,609
–	–	–	102	–	–	41	102
–	–	11,989	12,231	(3,293)	(4,075)	8,718	8,207
–	–	12,186	11,992	(50)	(50)	12,231	12,037
3,028	**2,407**	**72,199**	**73,938**	**(30,817)**	**(34,943)**	**771,451**	**742,085**
				Total equity		**64,126**	**63,702**
				Total liabilities and equity		**835,577**	**805,787**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

€ MN

	Property-Casualty		Life/Health	
three months ended 30 September	2015	2014	2015	2014
Total revenues[1]	**11,521**	**11,254**	**14,313**	**15,853**
Premiums earned (net)	11,733	11,180	5,424	5,856
Operating investment result				
Interest and similar income	894	897	4,542	4,260
Operating income from financial assets and liabilities carried at fair value through income (net)	(86)	4	(1,146)	(207)
Operating realized gains/losses (net)	57	74	1,209	746
Interest expenses, excluding interest expenses from external debt	(12)	(20)	(27)	(27)
Operating impairments of investments (net)	(41)	(4)	(794)	(102)
Investment expenses	(85)	(88)	(243)	(219)
Subtotal	**726**	**864**	**3,541**	**4,451**
Fee and commission income	372	347	318	263
Other income	(4)	7	42	32
Claims and insurance benefits incurred (net)	(7,728)	(7,366)	(4,742)	(5,004)
Change in reserves for insurance and investment contracts (net)[2]	(71)	(168)	(1,888)	(3,175)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(3,316)	(3,089)	(1,777)	(1,488)
Fee and commission expenses	(345)	(323)	(149)	(110)
Operating amortization of intangible assets	–	–	(5)	(5)
Restructuring charges	(4)	(5)	(1)	(1)
Other expenses	(11)	(24)	(26)	(30)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**1,352**	**1,422**	**738**	**790**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	16	(15)	(49)	(17)
Non-operating realized gains/losses (net)	179	158	103	19
Non-operating impairments of investments (net)	(135)	(42)	(9)	(7)
Subtotal	**60**	**101**	**45**	**(5)**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Non-operating amortization of intangible assets	(15)	(15)	(11)	(10)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**45**	**86**	**34**	**(15)**
Income (loss) before income taxes	**1,396**	**1,509**	**771**	**776**
Income taxes	(378)	(426)	(224)	(245)
Net income (loss)	**1,019**	**1,083**	**547**	**530**
Net income (loss) attributable to:				
Non-controlling interests	27	31	30	24
Shareholders	991	1,051	517	507

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the three months ended 30 September 2015, includes expenses for premium refunds (net) in Property-Casualty of € (8) MN (2014: € (93) MN).

Asset Management		Corporate and Other		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
1,636	**1,618**	**146**	**135**	**(86)**	**(80)**	**27,531**	**28,781**
–	–	–	–	–	–	17,157	17,035
1	1	198	222	(56)	(81)	5,580	5,299
(5)	2	(10)	14	(6)	10	(1,254)	(177)
–	–	–	–	13	(111)	1,279	709
(3)	(3)	(105)	(146)	62	92	(86)	(103)
–	–	–	–	–	–	(835)	(106)
–	–	(20)	(19)	80	64	(268)	(261)
(7)	**–**	**63**	**72**	**93**	**(26)**	**4,416**	**5,360**
2,004	1,984	253	181	(201)	(185)	2,746	2,590
1	1	–	–	(1)	(3)	38	37
–	–	–	–	1	2	(12,469)	(12,368)
–	–	–	–	(27)	(76)	(1,986)	(3,419)
–	–	(15)	(7)	–	–	(15)	(7)
(1,002)	(925)	(344)	(353)	11	15	(6,428)	(5,839)
(362)	(367)	(203)	(145)	106	97	(952)	(847)
–	–	–	–	–	–	(5)	(5)
(34)	–	(1)	4	–	–	(40)	(1)
–	–	(1)	(1)	5	9	(33)	(46)
–	–	–	–	21	158	21	158
600	**694**	**(246)**	**(248)**	**8**	**(9)**	**2,452**	**2,650**
–	–	16	(11)	6	(11)	(12)	(54)
–	5	39	36	(171)	(34)	150	184
–	–	(12)	(1)	–	–	(155)	(50)
–	**5**	**44**	**23**	**(166)**	**(45)**	**(17)**	**79**
–	–	(25)	(20)	12	9	(13)	(11)
–	–	(212)	(212)	–	–	(212)	(212)
1	–	–	–	–	–	1	–
(3)	(3)	(2)	(2)	–	–	(31)	(29)
–	–	–	–	(21)	(158)	(21)	(158)
(2)	**2**	**(195)**	**(211)**	**(175)**	**(194)**	**(293)**	**(331)**
599	**696**	**(440)**	**(458)**	**(167)**	**(203)**	**2,159**	**2,319**
(225)	(258)	86	147	21	151	(720)	(632)
374	**438**	**(354)**	**(311)**	**(146)**	**(52)**	**1,440**	**1,687**
20	22	4	3	–	–	81	81
355	415	(358)	(315)	(146)	(52)	1,359	1,606

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

€ MN

	Property-Casualty		Life/Health	
nine months ended 30 September	2015	2014	2015	2014
Total revenues[1]	**40,704**	**37,317**	**49,854**	**49,977**
Premiums earned (net)	34,804	32,291	17,887	18,131
Operating investment result				
Interest and similar income	2,741	2,689	13,814	12,891
Operating income from financial assets and liabilities carried at fair value through income (net)	(53)	20	(1,834)	(512)
Operating realized gains/losses (net)	195	129	5,253	2,328
Interest expenses, excluding interest expenses from external debt	(55)	(49)	(79)	(75)
Operating impairments of investments (net)	(49)	(10)	(989)	(443)
Investment expenses	(247)	(232)	(714)	(645)
Subtotal	**2,532**	**2,547**	**15,452**	**13,542**
Fee and commission income	1,087	955	997	752
Other income	248	46	147	114
Claims and insurance benefits incurred (net)	(22,970)	(21,179)	(14,600)	(15,258)
Change in reserves for insurance and investment contracts (net)[2]	(362)	(428)	(11,282)	(9,946)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(9,773)	(9,037)	(5,197)	(4,189)
Fee and commission expenses	(1,025)	(894)	(445)	(290)
Operating amortization of intangible assets	–	–	(14)	(14)
Restructuring charges	(134)	(6)	(21)	8
Other expenses	(25)	(38)	(229)	(195)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**4,382**	**4,257**	**2,695**	**2,655**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(22)	(77)	(60)	(42)
Non-operating realized gains/losses (net)	613	355	203	135
Non-operating impairments of investments (net)	(191)	(119)	(14)	(15)
Subtotal	**400**	**159**	**128**	**78**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
One-off effects from pension revaluation	(181)	(537)	(13)	(7)
Non-operating amortization of intangible assets	(45)	(27)	(40)	(27)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**175**	**(405)**	**76**	**44**
Income (loss) before income taxes	**4,556**	**3,852**	**2,771**	**2,698**
Income taxes	(1,272)	(1,155)	(823)	(808)
Net income (loss)	**3,285**	**2,697**	**1,948**	**1,891**
Net income (loss) attributable to:				
Non-controlling interests	117	117	107	87
Shareholders	3,168	2,581	1,840	1,804

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the nine months ended 30 September 2015, includes expenses for premium refunds (net) in Property-Casualty of € (177) MN (2014: € (224) MN).

Asset Management		Corporate and Other		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
4,757	**4,742**	**416**	**405**	**(261)**	**(241)**	**95,469**	**92,201**
–	–	–	–	–	–	52,692	50,421
4	5	610	660	(222)	(269)	16,948	15,976
(9)	5	(10)	25	6	14	(1,901)	(449)
–	–	–	–	20	(184)	5,468	2,272
(9)	(8)	(346)	(439)	205	269	(284)	(303)
–	–	–	–	–	–	(1,038)	(453)
–	–	(57)	(53)	248	238	(770)	(693)
(14)	**2**	**197**	**193**	**256**	**67**	**18,423**	**16,352**
5,919	5,817	660	526	(600)	(514)	8,063	7,536
2	6	148	1	(151)	(6)	394	160
–	–	–	–	4	3	(37,567)	(36,434)
–	–	–	–	(41)	(83)	(11,685)	(10,457)
–	–	(39)	(31)	–	–	(39)	(31)
(3,063)	(2,730)	(996)	(943)	10	(96)	(19,017)	(16,995)
(1,150)	(1,083)	(543)	(437)	321	244	(2,842)	(2,459)
–	–	–	–	–	–	(14)	(14)
(34)	3	(1)	4	–	–	(190)	8
–	–	(3)	(1)	164	133	(93)	(101)
–	–	–	–	25	158	25	158
1,661	**2,015**	**(577)**	**(689)**	**(11)**	**(94)**	**8,149**	**8,144**
–	–	(39)	(19)	(3)	(17)	(124)	(155)
–	4	246	92	(170)	(33)	892	552
–	–	(13)	(6)	–	–	(218)	(139)
–	**4**	**194**	**67**	**(173)**	**(50)**	**550**	**258**
–	–	(32)	(31)	15	15	(18)	(16)
–	–	(637)	(623)	–	–	(637)	(623)
10	3	1	2	–	–	11	6
(31)	(14)	224	675	–	–	–	117
(8)	(8)	(6)	(6)	–	–	(99)	(69)
–	–	–	–	(25)	(158)	(25)	(158)
(28)	**(15)**	**(256)**	**84**	**(183)**	**(193)**	**(217)**	**(485)**
1,632	**2,000**	**(833)**	**(606)**	**(195)**	**(287)**	**7,932**	**7,658**
(600)	(738)	225	177	26	150	(2,444)	(2,373)
1,033	**1,263**	**(609)**	**(429)**	**(168)**	**(137)**	**5,488**	**5,285**
52	67	14	13	–	–	290	283
981	1,196	(622)	(442)	(168)	(137)	5,198	5,002

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

€ MN

three months ended 30 September	German Speaking Countries and Central & Eastern Europe 2015	2014	Western & Southern Europe, Middle East, Africa, India 2015	2014
Gross premiums written	**2,871**	**2,851**	**2,572**	**2,422**
Ceded premiums written	(479)	(473)	(178)	(171)
Change in unearned premiums	576	551	341	252
Premiums earned (net)	**2,967**	**2,930**	**2,735**	**2,502**
Interest and similar income	282	293	238	217
Operating income from financial assets and liabilities carried at fair value through income (net)	(61)	10	6	(6)
Operating realized gains/losses (net)	57	74	–	–
Fee and commission income	43	38	7	9
Other income	8	5	2	1
Operating revenues	**3,297**	**3,351**	**2,988**	**2,723**
Claims and insurance benefits incurred (net)	(1,988)	(1,920)	(1,704)	(1,513)
Change in reserves for insurance and investment contracts (net)	(55)	(153)	(10)	(8)
Interest expenses	(2)	(3)	(4)	(6)
Operating impairments of investments (net)	(41)	(4)	–	–
Investment expenses	(30)	(33)	(25)	(26)
Acquisition and administrative expenses (net)	(765)	(764)	(750)	(678)
Fee and commission expenses	(41)	(35)	(6)	(8)
Restructuring charges	(1)	(2)	–	–
Other expenses	(5)	(6)	(6)	(1)
Operating expenses	**(2,928)**	**(2,921)**	**(2,504)**	**(2,241)**
Operating profit	**369**	**430**	**484**	**482**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	8	(13)	9	1
Non-operating realized gains/losses (net)	5	76	143	37
Non-operating impairments of investments (net)	(49)	(7)	(50)	(21)
Amortization of intangible assets	(1)	(1)	(10)	(11)
Non-operating items	**(36)**	**56**	**93**	**6**
Income before income taxes	**333**	**486**	**577**	**488**
Income taxes	(110)	(118)	(151)	(177)
Net income	**223**	**367**	**426**	**312**
Net income attributable to:				
Non-controlling interests	–	(1)	3	4
Shareholders	223	368	423	308
Loss ratio[3] in %	67.0	65.5	62.3	60.5
Expense ratio[4] in %	25.8	26.1	27.4	27.1
Combined ratio[5] in %	**92.8**	**91.6**	**89.7**	**87.6**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe, Middle East, Africa, India (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the three months ended 30 September 2014 was not adjusted.

2 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN reflected in the operating profit for 2014.

3 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

4 — Represents acquisition and administrative expenses (net) divided by premiums earned (net).

5 — Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

6 — Presentation not meaningful.

Iberia & Latin America		Global Insurance Lines & Anglo Markets		Asia Pacific		Allianz Worldwide Partners[1]		Consolidation and Other[2]		Property-Casualty	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1,051	1,086	5,226	5,052	195	201	778	656	(1,172)	(1,013)	11,521	11,254
(152)	(153)	(1,303)	(1,080)	(71)	(76)	(21)	(20)	1,172	1,013	(1,033)	(959)
38	22	107	13	(1)	(9)	183	55	–	–	1,244	885
937	955	4,029	3,985	124	116	940	691	–	–	11,733	11,180
46	46	306	322	10	10	13	9	(2)	–	894	897
2	1	(33)	(3)	–	–	1	1	–	–	(86)	4
–	–	–	–	–	–	–	–	–	–	57	74
–	–	161	168	–	–	187	148	(26)	(16)	372	347
–	–	(15)	–	–	–	–	–	–	–	(4)	7
985	1,003	4,448	4,472	135	126	1,141	850	(29)	(16)	12,965	12,509
(687)	(708)	(2,693)	(2,785)	(80)	(74)	(576)	(451)	–	86	(7,728)	(7,366)
(1)	(2)	(5)	(4)	–	–	(1)	–	–	–	(71)	(168)
–	(1)	(8)	(10)	–	–	(1)	–	3	–	(12)	(20)
–	–	–	–	–	–	–	–	–	–	(41)	(4)
(4)	(5)	(26)	(24)	–	(1)	–	–	–	–	(85)	(88)
(267)	(250)	(1,157)	(1,144)	(39)	(35)	(339)	(220)	–	2	(3,316)	(3,089)
–	–	(141)	(143)	–	–	(184)	(150)	26	14	(345)	(323)
–	–	(3)	(3)	–	–	–	–	–	–	(4)	(5)
–	–	–	(17)	–	–	–	–	–	–	(11)	(24)
(959)	(966)	(4,032)	(4,130)	(119)	(109)	(1,101)	(822)	29	102	(11,614)	(11,086)
27	37	416	342	16	17	41	28	–	86	1,352	1,422
2	2	(3)	(6)	–	–	–	–	–	–	16	(15)
5	8	22	37	–	–	4	–	–	–	179	158
–	(2)	(37)	(12)	–	–	–	–	–	–	(135)	(42)
–	–	(3)	(4)	–	(1)	–	–	–	1	(15)	(15)
6	8	(22)	16	–	–	4	–	–	1	45	86
33	45	394	358	15	16	44	28	–	87	1,396	1,509
(3)	(8)	(96)	(84)	(3)	(4)	(14)	(5)	–	(30)	(378)	(426)
30	37	298	274	12	12	30	23	–	57	1,019	1,083
2	1	18	22	4	4	1	–	–	–	27	31
28	36	280	252	8	8	30	23	–	57	991	1,051
73.3	74.1	66.8	69.9	64.7	63.3	61.2	65.3	–[6]	–[6]	65.9	65.9
28.4	26.1	28.7	28.7	31.2	30.3	36.1	31.8	–[6]	–[6]	28.3	27.6
101.8	100.3	95.5	98.6	95.9	93.6	97.3	97.1	–[6]	–[6]	94.1	93.5

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

€ MN

	German Speaking Countries and Central & Eastern Europe		Western & Southern Europe, Middle East, Africa, India	
nine months ended 30 September	2015	2014	2015	2014
Gross premiums written	**11,581**	**11,273**	**8,853**	**8,100**
Ceded premiums written	(1,827)	(1,790)	(650)	(595)
Change in unearned premiums	(979)	(901)	(11)	(51)
Premiums earned (net)	**8,776**	**8,583**	**8,191**	**7,454**
Interest and similar income	881	920	708	652
Operating income from financial assets and liabilities carried at fair value through income (net)	(47)	19	11	(4)
Operating realized gains/losses (net)	195	129	–	–
Fee and commission income	117	102	29	28
Other income	28	24	9	5
Operating revenues	**9,949**	**9,777**	**8,948**	**8,134**
Claims and insurance benefits incurred (net)	(5,876)	(5,617)	(5,188)	(4,670)
Change in reserves for insurance and investment contracts (net)	(316)	(382)	(30)	(30)
Interest expenses	(11)	(9)	(11)	(14)
Operating impairments of investments (net)	(49)	(10)	–	–
Investment expenses	(83)	(81)	(77)	(73)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(2,243)	(2,248)	(2,240)	(2,039)
Fee and commission expenses	(110)	(95)	(25)	(27)
Restructuring charges	(36)	(2)	–	–
Other expenses	(16)	(16)	(9)	(4)
Operating expenses	**(8,741)**	**(8,460)**	**(7,580)**	**(6,857)**
Operating profit	**1,209**	**1,317**	**1,369**	**1,278**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(35)	(46)	33	(17)
Non-operating realized gains/losses (net)	206	130	220	96
Non-operating impairments of investments (net)	(76)	(20)	(70)	(75)
One-off effects from pension revaluation	(166)	(530)	–	–
Amortization of intangible assets	(2)	(2)	(29)	(17)
Non-operating items	**(73)**	**(469)**	**154**	**(12)**
Income before income taxes	**1,136**	**848**	**1,523**	**1,266**
Income taxes	(309)	(199)	(470)	(467)
Net income	**826**	**649**	**1,052**	**798**
Net income attributable to:				
Non-controlling interests	5	4	9	13
Shareholders	822	645	1,043	786
Loss ratio[3] in %	67.0	65.4	63.3	62.7
Expense ratio[4] in %	25.6	26.2	27.3	27.3
Combined ratio[5] in %	**92.5**	**91.6**	**90.7**	**90.0**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe, Middle East, Africa, India (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the nine months ended 30 September 2014 was not adjusted.
2 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN reflected in the operating profit for 2014.
3 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation divided by premiums earned (net).
5 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation and claims and insurance benefits incurred (net) divided by premiums earned (net).
6 — Presentation not meaningful.

Iberia & Latin America		Global Insurance Lines & Anglo Markets		Asia Pacific		Allianz Worldwide Partners[1]		Consolidation and Other[2]		Property-Casualty	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
3,491	3,307	17,388	15,444	621	549	3,231	2,129	(4,462)	(3,486)	40,704	37,317
(569)	(479)	(5,223)	(3,482)	(211)	(194)	(175)	(69)	4,462	3,486	(4,192)	(3,122)
(91)	3	(179)	(757)	(27)	(32)	(420)	(166)	–	–	(1,707)	(1,904)
2,831	2,831	11,986	11,205	383	323	2,637	1,895	–	–	34,804	32,291
150	146	944	922	32	27	35	24	(8)	(1)	2,741	2,689
5	9	(20)	(4)	–	–	(3)	–	–	–	(53)	20
–	–	–	–	–	–	–	–	–	–	195	129
–	–	482	487	–	–	533	390	(74)	(52)	1,087	955
2	17	209	–	–	–	–	–	–	–	248	46
2,987	3,002	13,602	12,611	416	350	3,202	2,309	(83)	(53)	39,022	36,130
(2,050)	(2,028)	(7,923)	(7,526)	(236)	(197)	(1,697)	(1,226)	–	86	(22,970)	(21,179)
(3)	(4)	(13)	(12)	–	–	(1)	–	–	–	(362)	(428)
(1)	(2)	(38)	(24)	–	–	(2)	(1)	8	1	(55)	(49)
–	–	–	–	–	–	–	–	–	–	(49)	(10)
(12)	(11)	(74)	(66)	–	–	(1)	(1)	–	–	(247)	(232)
(782)	(731)	(3,526)	(3,330)	(121)	(96)	(866)	(607)	7	13	(9,773)	(9,037)
–	–	(428)	(413)	–	–	(530)	(397)	67	39	(1,025)	(894)
–	–	(98)	(4)	–	–	–	–	–	–	(134)	(6)
–	(1)	–	(17)	–	–	–	–	–	–	(25)	(38)
(2,849)	(2,777)	(12,100)	(11,391)	(358)	(294)	(3,096)	(2,232)	83	139	(34,640)	(31,873)
139	225	1,502	1,219	58	56	106	77	–	86	4,382	4,257
3	5	(22)	(19)	–	–	(1)	–	–	–	(22)	(77)
14	13	169	115	–	–	4	–	–	–	613	355
–	(2)	(45)	(21)	–	–	–	–	–	–	(191)	(119)
–	–	(13)	(7)	–	–	(1)	–	–	–	(181)	(537)
(1)	(1)	(11)	(9)	(2)	(2)	(1)	–	1	3	(45)	(27)
16	14	78	60	(2)	(1)	1	–	1	3	175	(405)
154	239	1,579	1,279	57	55	107	77	1	89	4,556	3,852
(30)	(63)	(418)	(362)	(14)	(15)	(30)	(19)	–	(30)	(1,272)	(1,155)
124	176	1,162	917	42	40	77	58	1	59	3,285	2,697
5	4	83	81	12	14	3	2	–	–	117	117
119	172	1,078	837	31	27	74	55	1	59	3,168	2,581
72.4	71.7	66.1	67.2	61.5	60.9	64.4	64.7	–[6]	–[6]	66.0	65.6
27.6	25.8	29.4	29.7	31.6	29.7	32.8	32.0	–[6]	–[6]	28.1	28.0
100.1	97.5	95.5	96.9	93.1	90.6	97.2	96.8	–[6]	–[6]	94.1	93.6

REPORTABLE SEGMENTS — LIFE/HEALTH

REPORTABLE SEGMENTS — LIFE/HEALTH

€ MN

three months ended 30 September	German Speaking Countries and Central & Eastern Europe 2015	2014	Western & Southern Europe, Middle East, Africa, India[1] 2015	2014
Statutory premiums[2]	**4,734**	**5,591**	**4,955**	**5,452**
Ceded premiums written	(28)	(56)	(79)	(145)
Change in unearned premiums	(95)	(51)	32	(18)
Statutory premiums (net)	**4,611**	**5,484**	**4,908**	**5,289**
Deposits from insurance and investment contracts	(1,400)	(1,836)	(3,761)	(4,107)
Premiums earned (net)	**3,211**	**3,648**	**1,147**	**1,182**
Interest and similar income	2,285	2,218	1,002	974
Operating income from financial assets and liabilities carried at fair value through income (net)	(792)	49	68	9
Operating realized gains/losses (net)	1,112	629	72	114
Fee and commission income	52	51	178	139
Other income	35	29	7	3
Operating revenues	**5,903**	**6,624**	**2,474**	**2,420**
Claims and insurance benefits incurred (net)	(3,346)	(3,462)	(970)	(994)
Change in reserves for insurance and investment contracts (net)	(797)	(2,032)	(443)	(597)
Interest expenses	(24)	(28)	(4)	(6)
Operating impairments of investments (net)	(607)	(59)	(178)	(39)
Investment expenses	(163)	(146)	(58)	(55)
Acquisition and administrative expenses (net)	(505)	(518)	(492)	(431)
Fee and commission expenses	(14)	(12)	(106)	(71)
Operating amortization of intangible assets	(5)	(5)	–	–
Restructuring charges	(1)	–	–	–
Other expenses	(22)	(26)	(4)	(4)
Operating expenses	**(5,483)**	**(6,289)**	**(2,255)**	**(2,197)**
Operating profit (loss)	**420**	**335**	**219**	**223**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(1)	–
Non-operating realized gains/losses (net)	–	–	99	15
Non-operating impairments of investments (net)	–	–	(8)	(4)
Non-operating amortization of intangible assets	–	(1)	(5)	(3)
Non-operating items	**–**	**(1)**	**85**	**7**
Income (loss) before income taxes	**420**	**334**	**304**	**230**
Income taxes	(140)	(101)	(71)	(82)
Net income (loss)	**280**	**234**	**233**	**148**
Net income (loss) attributable to:				
Non-controlling interests	5	4	5	6
Shareholders	275	230	228	142
Margin on reserves[3] in basis points	**64**	**54**	**52**	**57**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe, Middle East, Africa, India (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the three months ended 30 September 2014 was not adjusted.

2 — Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

3 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

4 — Presentation not meaningful.

Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Asia Pacific		Consolidation		Life/Health	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
416	**320**	**2,434**	**2,901**	**144**	**165**	**1,737**	**1,577**	**(106)**	**(152)**	**14,313**	**15,853**
(3)	(4)	(34)	(29)	(37)	(24)	(92)	(76)	106	152	(166)	(182)
14	15	(4)	(2)	–	(2)	(47)	(67)	–	–	(100)	(125)
428	**331**	**2,395**	**2,870**	**107**	**139**	**1,599**	**1,433**	**–**	**–**	**14,047**	**15,546**
(293)	(199)	(2,115)	(2,624)	–	–	(1,054)	(925)	–	–	(8,623)	(9,690)
134	**132**	**281**	**246**	**107**	**139**	**545**	**508**	**–**	**–**	**5,424**	**5,856**
90	93	947	778	18	21	209	189	(10)	(13)	4,542	4,260
(11)	11	(402)	(248)	(5)	(17)	(9)	1	4	(12)	(1,146)	(207)
2	4	28	1	–	–	(1)	3	(4)	(4)	1,209	746
48	36	29	31	–	–	12	5	(1)	(1)	318	263
–	–	–	–	–	–	–	–	–	–	42	32
263	**276**	**883**	**809**	**120**	**144**	**756**	**706**	**(10)**	**(30)**	**10,389**	**10,949**
(141)	(121)	(27)	(25)	(69)	(96)	(190)	(306)	–	–	(4,742)	(5,004)
15	(29)	(316)	(287)	(12)	(12)	(336)	(217)	3	–	(1,888)	(3,175)
–	–	(3)	(2)	–	–	(5)	(3)	10	13	(27)	(27)
–	–	–	(3)	–	–	(9)	(1)	–	–	(794)	(102)
(2)	(2)	(14)	(10)	–	–	(6)	(6)	–	–	(243)	(219)
(51)	(49)	(378)	(316)	(26)	(29)	(326)	(144)	–	–	(1,777)	(1,488)
(27)	(18)	(3)	(9)	–	–	–	–	1	1	(149)	(110)
–	–	–	–	–	–	–	–	–	–	(5)	(5)
–	–	–	–	–	–	–	–	–	–	(1)	(1)
–	–	–	–	–	–	–	–	–	–	(26)	(30)
(206)	**(220)**	**(740)**	**(652)**	**(108)**	**(138)**	**(873)**	**(678)**	**13**	**14**	**(9,651)**	**(10,159)**
57	**57**	**143**	**158**	**12**	**6**	**(117)**	**28**	**3**	**(15)**	**738**	**790**
–	–	(48)	(16)	–	–	–	–	–	–	(49)	(17)
–	–	1	–	–	–	3	4	–	–	103	19
–	–	(1)	–	–	(3)	–	–	–	–	(9)	(7)
(4)	(4)	–	–	–	–	(2)	(2)	–	–	(11)	(10)
(4)	**(4)**	**(47)**	**(17)**	**–**	**(3)**	**–**	**2**	**–**	**–**	**34**	**(15)**
53	**53**	**96**	**141**	**12**	**3**	**(117)**	**30**	**3**	**(15)**	**771**	**776**
(15)	(15)	(21)	(40)	(3)	(3)	26	(5)	–	–	(224)	(245)
38	**38**	**74**	**101**	**9**	**–**	**(91)**	**25**	**3**	**(15)**	**547**	**530**
10	10	–	–	–	–	10	4	–	–	30	24
28	28	74	101	9	–	(101)	22	3	(15)	517	507
235	**249**	**57**	**78**	**236**	**107**	**(165)**	**45**	**–[4]**	**–[4]**	**52**	**61**

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

€ MN

	German Speaking Countries and Central & Eastern Europe		Western & Southern Europe, Middle East, Africa, India[1]	
nine months ended 30 September	2015	2014	2015	2014
Statutory premiums[2]	**17,220**	**18,526**	**18,145**	**17,612**
Ceded premiums written	(97)	(133)	(475)	(930)
Change in unearned premiums	(162)	(166)	61	(27)
Statutory premiums (net)	**16,961**	**18,226**	**17,731**	**16,655**
Deposits from insurance and investment contracts	(5,861)	(6,603)	(14,236)	(13,059)
Premiums earned (net)	**11,100**	**11,623**	**3,495**	**3,595**
Interest and similar income	7,064	6,937	3,004	2,936
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,030)	236	25	(65)
Operating realized gains/losses (net)	4,328	1,730	851	565
Fee and commission income	159	156	583	385
Other income	126	98	20	13
Operating revenues	**21,748**	**20,780**	**7,978**	**7,431**
Claims and insurance benefits incurred (net)	(10,179)	(10,633)	(2,907)	(3,067)
Change in reserves for insurance and investment contracts (net)	(7,186)	(6,662)	(2,061)	(1,715)
Interest expenses	(72)	(82)	(13)	(15)
Operating impairments of investments (net)	(788)	(209)	(189)	(227)
Investment expenses	(472)	(428)	(178)	(169)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(1,587)	(1,397)	(1,479)	(1,369)
Fee and commission expenses	(42)	(38)	(313)	(182)
Operating amortization of intangible assets	(14)	(14)	–	–
Restructuring charges	(21)	–	–	–
Other expenses	(217)	(181)	(12)	(10)
Operating expenses	**(20,578)**	**(19,644)**	**(7,153)**	**(6,754)**
Operating profit (loss)	**1,170**	**1,136**	**826**	**677**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(1)	(5)
Non-operating realized gains/losses (net)	2	–	154	128
Non-operating impairments of investments (net)	–	–	(13)	(11)
One-off effects from pension revaluation	(13)	(7)	–	–
Non-operating amortization of intangible assets	(1)	(1)	(20)	(8)
Non-operating items	**(12)**	**(8)**	**119**	**103**
Income (loss) before income taxes	**1,159**	**1,128**	**945**	**781**
Income taxes	(400)	(362)	(234)	(217)
Net income (loss)	**758**	**766**	**711**	**563**
Net income (loss) attributable to:				
Non-controlling interests	13	11	34	28
Shareholders	746	755	677	536
Margin on reserves[3] in basis points	**60**	**63**	**66**	**59**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe, Middle East, Africa, India (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the nine months ended 30 September 2014 was not adjusted.

2 — Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

3 — Represents annualized operating profit divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

4 — Presentation not meaningful.

Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Asia Pacific		Consolidation		Life/Health	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1,487	1,247	7,725	8,810	460	461	5,373	4,246	(557)	(925)	49,854	49,977
(10)	(12)	(105)	(85)	(120)	(84)	(331)	(250)	557	925	(582)	(569)
(15)	(16)	(19)	(9)	3	(26)	(103)	(120)	–	–	(235)	(366)
1,462	1,220	7,601	8,715	343	351	4,938	3,876	–	–	49,036	49,043
(973)	(745)	(6,753)	(8,010)	–	–	(3,326)	(2,495)	–	–	(31,149)	(30,912)
489	475	848	706	343	351	1,612	1,381	–	–	17,887	18,131
267	278	2,823	2,179	55	62	633	537	(31)	(39)	13,814	12,891
14	28	(814)	(676)	(7)	(24)	(16)	(2)	(8)	(10)	(1,834)	(512)
28	9	36	12	–	–	14	15	(4)	(3)	5,253	2,328
133	105	87	83	–	1	36	23	(2)	(2)	997	752
–	–	–	–	–	–	–	3	–	–	147	114
932	894	2,981	2,304	392	390	2,279	1,957	(44)	(54)	36,265	33,703
(474)	(417)	(84)	(71)	(222)	(258)	(733)	(812)	–	–	(14,600)	(15,258)
(54)	(102)	(1,085)	(930)	(40)	(14)	(859)	(524)	3	–	(11,282)	(9,946)
(1)	(1)	(9)	(6)	(1)	(1)	(15)	(9)	31	39	(79)	(75)
–	(1)	(1)	(3)	–	–	(12)	(3)	–	–	(989)	(443)
(5)	(5)	(40)	(27)	–	–	(19)	(16)	–	–	(714)	(645)
(154)	(153)	(1,142)	(720)	(82)	(82)	(753)	(469)	–	1	(5,197)	(4,189)
(74)	(51)	(17)	(18)	–	–	(1)	(1)	1	1	(445)	(290)
–	–	–	–	–	–	–	–	–	–	(14)	(14)
–	–	–	–	–	–	–	8	–	–	(21)	8
–	–	–	–	–	–	–	(5)	–	–	(229)	(195)
(762)	(731)	(2,377)	(1,775)	(346)	(355)	(2,390)	(1,830)	35	41	(33,570)	(31,048)
169	163	604	529	46	35	(111)	126	(9)	(13)	2,695	2,655
–	–	(59)	(37)	–	–	–	–	–	–	(60)	(42)
–	–	36	–	–	–	11	7	–	–	203	135
–	–	(1)	–	–	(3)	(1)	(1)	–	–	(14)	(15)
–	–	–	–	–	–	–	–	–	–	(13)	(7)
(12)	(12)	–	–	–	–	(6)	(5)	–	–	(40)	(27)
(12)	(12)	(24)	(37)	–	(3)	5	1	–	–	76	44
157	151	580	492	46	32	(107)	127	(9)	(13)	2,771	2,698
(43)	(44)	(167)	(148)	(10)	(10)	30	(26)	–	–	(823)	(808)
114	107	413	344	36	22	(77)	102	(9)	(13)	1,948	1,891
31	28	–	–	–	–	30	21	–	–	107	87
83	79	413	344	36	22	(107)	81	(9)	(13)	1,840	1,804
232	248	85	91	308	215	(55)	71	–[4]	–[4]	64	70

REPORTABLE SEGMENTS — ASSET MANAGEMENT

REPORTABLE SEGMENTS — ASSET MANAGEMENT

€ MN three months ended 30 September	2015	2014
Net fee and commission income[1]	1,643	1,617
Net interest income[2]	(2)	(2)
Income from financial assets and liabilities carried at fair value through income (net)	(5)	2
Other income	1	1
Operating revenues	**1,636**	**1,618**
Administrative expenses (net), excluding acquisition-related expenses	(1,002)	(925)
Restructuring charges	(34)	–
Operating expenses	**(1,036)**	**(925)**
Operating profit	**600**	**694**
Realized gains/losses (net)	–	5
Acquisition-related expenses	1	–
Amortization of intangible assets	(3)	(3)
Non-operating items	**(2)**	**2**
Income before income taxes	**599**	**696**
Income taxes	(225)	(258)
Net income	**374**	**438**
Net income attributable to:		
Non-controlling interests	20	22
Shareholders	355	415
Cost-income ratio[3] in %	**63.3**	**57.1**

1 — Represents fee and commission income less fee and commission expenses.
2 — Represents interest and similar income less interest expenses.
3 — Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS — ASSET MANAGEMENT (CONTINUED)

REPORTABLE SEGMENTS — ASSET MANAGEMENT (CONTINUED)

€ MN nine months ended 30 September	2015	2014
Net fee and commission income[1]	4,769	4,734
Net interest income[2]	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(9)	5
Other income	2	6
Operating revenues	**4,757**	**4,742**
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(3,063)	(2,730)
Restructuring charges	(34)	3
Operating expenses	**(3,096)**	**(2,727)**
Operating profit	**1,661**	**2,015**
Realized gains/losses (net)	–	4
Acquisition-related expenses	10	3
One-off effects from pension revaluation	(31)	(14)
Amortization of intangible assets	(8)	(8)
Non-operating items	**(28)**	**(15)**
Income before income taxes	**1,632**	**2,000**
Income taxes	(600)	(738)
Net income	**1,033**	**1,263**
Net income attributable to:		
Non-controlling interests	52	67
Shareholders	981	1,196
Cost-income ratio[3] in %	**65.1**	**57.5**

1 — Represents fee and commission income less fee and commission expenses.
2 — Represents interest and similar income less interest expenses.
3 — Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS — CORPORATE AND OTHER

REPORTABLE SEGMENTS — CORPORATE AND OTHER

€ MN

three months ended 30 September	Holding & Treasury 2015	Holding & Treasury 2014
Interest and similar income	49	71
Operating income from financial assets and liabilities carried at fair value through income (net)	(14)	13
Fee and commission income	84	16
Operating revenues	**119**	**100**
Interest expenses, excluding interest expenses from external debt	(54)	(82)
Loan loss provisions	–	–
Investment expenses	(18)	(18)
Administrative expenses (net)	(206)	(199)
Fee and commission expenses	(127)	(71)
Restructuring charges	–	4
Other expenses	–	–
Operating expenses	**(406)**	**(367)**
Operating profit (loss)	**(287)**	**(267)**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	16	(11)
Realized gains/losses (net)	38	33
Impairments of investments (net)	(11)	(1)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(212)	(212)
Amortization of intangible assets	(2)	(2)
Non-operating items	**(170)**	**(194)**
Income (loss) before income taxes	**(457)**	**(461)**
Income taxes	99	154
Net income (loss)	**(357)**	**(307)**
Net income (loss) attributable to:		
Non-controlling interests	–	1
Shareholders	(358)	(307)
Cost-income ratio[1] for the reportable segment Banking in %		

1 — Represents investment expenses, administrative expenses (net), restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2015	2014	2015	2014	2015	2014	2015	2014
143	146	6	5	–	–	198	222
4	3	1	(2)	–	–	(10)	14
128	123	44	44	(3)	(2)	253	181
274	**273**	**51**	**47**	**(3)**	**(2)**	**442**	**418**
(51)	(64)	–	(1)	–	–	(105)	(146)
(15)	(7)	–	–	–	–	(15)	(7)
–	–	(2)	(2)	–	2	(20)	(19)
(104)	(117)	(35)	(36)	2	–	(344)	(353)
(76)	(73)	–	–	–	–	(203)	(145)
(1)	–	–	–	–	–	(1)	4
(1)	(1)	–	–	–	–	(1)	(1)
(247)	**(261)**	**(38)**	**(39)**	**3**	**2**	**(688)**	**(666)**
28	**11**	**14**	**8**	**–**	**–**	**(246)**	**(248)**
–	–	–	–	–	–	16	(11)
1	3	–	–	–	–	39	36
(1)	–	–	–	–	–	(12)	(1)
–	–	(25)	(20)	–	–	(25)	(20)
–	–	–	–	–	–	(212)	(212)
–	–	–	–	–	–	(2)	(2)
–	**3**	**(25)**	**(19)**	**–**	**–**	**(195)**	**(211)**
28	**14**	**(11)**	**(11)**	**–**	**–**	**(440)**	**(458)**
(9)	(4)	(4)	(4)	–	–	86	147
19	**10**	**(15)**	**(15)**	**–**	**–**	**(354)**	**(311)**
2	2	2	–	–	–	4	3
17	8	(18)	(15)	–	–	(358)	(315)
71.5	86.6						

REPORTABLE SEGMENTS – CORPORATE AND OTHER (CONTINUED)

REPORTABLE SEGMENTS – CORPORATE AND OTHER (CONTINUED)

€ MN

nine months ended 30 September	Holding & Treasury 2015	Holding & Treasury 2014
Interest and similar income	176	199
Operating income from financial assets and liabilities carried at fair value through income (net)	(22)	20
Fee and commission income	118	45
Other income	148	–
Operating revenues	**421**	**264**
Interest expenses, excluding interest expenses from external debt	(182)	(244)
Loan loss provisions	–	–
Investment expenses	(51)	(50)
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(597)	(515)
Fee and commission expenses	(284)	(218)
Restructuring charges	–	4
Other expenses	–	–
Operating expenses	**(1,115)**	**(1,023)**
Operating profit (loss)	**(694)**	**(760)**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(39)	(18)
Realized gains/losses (net)	233	85
Impairments of investments (net)	(12)	(6)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(637)	(623)
Acquisition-related expenses	1	2
One-off effects from pension revaluation	230	679
Amortization of intangible assets	(6)	(6)
Non-operating items	**(230)**	**113**
Income (loss) before income taxes	**(924)**	**(646)**
Income taxes	261	203
Net income (loss)	**(663)**	**(443)**
Net income (loss) attributable to:		
Non-controlling interests	–	–
Shareholders	(663)	(443)
Cost-income ratio[1] for the reportable segment Banking in %		

1 — Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2015	2014	2015	2014	2015	2014	2015	2014
418	445	17	18	–	(1)	610	660
13	9	(2)	(4)	–	–	(10)	25
407	364	137	119	(2)	(2)	660	526
–	–	–	–	–	–	148	1
838	**818**	**152**	**133**	**(2)**	**(3)**	**1,409**	**1,211**
(163)	(194)	(1)	(2)	–	1	(346)	(439)
(39)	(31)	–	–	–	–	(39)	(31)
–	–	(6)	(5)	1	3	(57)	(53)
(288)	(326)	(112)	(101)	1	–	(996)	(943)
(258)	(219)	–	–	–	–	(543)	(437)
(1)	–	–	–	–	–	(1)	4
(3)	(1)	–	–	–	–	(3)	(1)
(753)	**(772)**	**(120)**	**(108)**	**3**	**3**	**(1,985)**	**(1,901)**
85	**46**	**32**	**24**	**–**	**–**	**(577)**	**(689)**
–	–	–	–	–	–	(39)	(19)
13	7	–	–	–	–	246	92
(1)	–	–	–	–	–	(13)	(6)
–	–	(32)	(31)	–	–	(32)	(31)
–	–	–	–	–	–	(637)	(623)
–	–	–	–	–	–	1	2
(1)	(1)	(5)	(4)	–	–	224	675
–	–	–	–	–	–	(6)	(6)
11	**6**	**(38)**	**(35)**	**–**	**–**	**(256)**	**84**
97	**51**	**(6)**	**(11)**	**–**	**–**	**(833)**	**(606)**
(30)	(16)	(6)	(10)	–	–	225	177
66	**35**	**(11)**	**(21)**	**–**	**–**	**(609)**	**(429)**
6	6	7	7	–	–	14	13
60	29	(19)	(27)	–	–	(622)	(442)
70.2	**81.1**						

NOTES TO THE CONSOLIDATED BALANCE SHEETS

5 — Financial assets carried at fair value through income

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

€ MN	as of 30 September 2015	as of 31 December 2014
Financial assets held for trading		
Debt securities	468	402
Equity securities	181	195
Derivative financial instruments	1,920	1,618
Subtotal	**2,569**	**2,214**
Financial assets designated at fair value through income		
Debt securities	2,498	1,887
Equity securities	2,159	1,773
Subtotal	**4,657**	**3,660**
Total	**7,226**	**5,875**

6 — Investments

INVESTMENTS

€ MN	as of 30 September 2015	as of 31 December 2014
Available-for-sale investments	483,690	465,914
Held-to-maturity investments	3,859	3,969
Funds held by others under reinsurance contracts assumed	1,315	1,154
Investments in associates and joint ventures	4,741	4,059
Real estate held for investment	11,770	11,349
Total	**505,375**	**486,445**

AVAILABLE-FOR-SALE INVESTMENTS

AVAILABLE-FOR-SALE INVESTMENTS

€ MN

	as of 30 September 2015				as of 31 December 2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	3,773	184	(4)	3,953	3,548	192	(2)	3,738
Corporate mortgage-backed securities (residential and commercial)	13,341	398	(91)	13,648	13,685	546	(44)	14,186
Other asset-backed securities	4,144	242	(88)	4,298	4,313	284	(46)	4,552
Government and government agency bonds								
France	31,378	8,770	(66)	40,082	31,113	9,509	(21)	40,601
Italy	23,944	5,328	(79)	29,192	25,203	5,557	(5)	30,755
Germany	13,107	1,893	(29)	14,970	12,900	2,152	(5)	15,048
United States	13,136	664	(69)	13,730	10,574	875	(34)	11,415
South Korea	6,834	1,164	(1)	7,998	6,156	882	–	7,038
Belgium	7,276	1,740	(43)	8,973	5,866	1,818	–	7,684
Austria	5,550	1,462	(7)	7,004	5,476	1,698	(1)	7,173
Spain	8,577	784	(203)	9,158	5,055	944	(1)	5,997
Switzerland	5,026	729	(3)	5,752	4,695	610	–	5,305
Netherlands	3,936	432	(10)	4,358	4,102	506	(1)	4,607
Hungary	858	107	–	965	868	105	–	972
Ireland	1,366	32	(27)	1,370	620	28	–	648
Russia	365	2	(26)	340	472	–	(71)	401
Portugal	215	30	–	245	198	29	–	227
Greece	1	2	–	3	1	2	–	3
Supranationals	16,696	2,909	(44)	19,562	15,726	3,202	(3)	18,925
All other countries	37,794	1,628	(941)	38,482	33,401	2,013	(196)	35,217
Subtotal	**176,058**	**27,675**	**(1,548)**	**202,185**	**162,426**	**29,928**	**(338)**	**192,016**
Corporate bonds[1]	207,112	13,724	(3,476)	217,360	193,315	18,807	(837)	211,284
Other	3,201	567	(32)	3,737	2,471	499	(2)	2,968
Subtotal	**407,629**	**42,790**	**(5,238)**	**445,181**	**379,757**	**50,255**	**(1,269)**	**428,744**
Equity securities[2]	28,215	10,877	(583)	38,509	26,113	11,313	(255)	37,171
Total	**435,844**	**53,666**	**(5,821)**	**483,690**	**405,870**	**61,568**	**(1,524)**	**465,914**

1 — Include bonds issued by Spanish banks with a fair value of € 632 MN (2014: € 472 MN), thereof subordinated bonds with a fair value of € 134 MN (2014: € 134 MN).

2 — Include shares invested in Spanish banks with a fair value of € 321 MN (2014: € 408 MN).

7 — Loans and advances to banks and customers

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

€ MN

	as of 30 September 2015			as of 31 December 2014		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	3,358	–	3,358	3,622	–	3,622
Loans	51,573[1]	59,009	110,582	56,414[1]	55,950	112,363
Other	1,370	12	1,382	1,372	16	1,388
Subtotal	**56,301**	**59,021**	**115,322**	**61,407**	**55,966**	**117,373**
Loan loss allowance	–	(310)	(310)	–	(298)	(298)
Total	**56,301**	**58,711**	**115,012**	**61,407**	**55,668**	**117,075**

1 — Primarily include covered bonds.

8 — Reinsurance assets

REINSURANCE ASSETS

€ MN

	as of 30 September 2015	as of 31 December 2014
Unearned premiums	2,152	1,519
Reserves for loss and loss adjustment expenses	7,698	6,947
Aggregate policy reserves	5,467	4,998
Other insurance reserves	118	123
Total	**15,435**	**13,587**

9 — Deferred acquisition costs

DEFERRED ACQUISITION COSTS

€ MN

	as of 30 September 2015	as of 31 December 2014
Deferred acquisition costs		
Property-Casualty	4,733	4,595
Life/Health	17,857	16,089
Subtotal	**22,590**	**20,685**
Present value of future profits[1]	638	870
Deferred sales inducements	931	708
Total	**24,159**	**22,262**

1 — In the second quarter of 2015, € 145 MN were reclassified from present value of future profits to intangible assets.

10 — Other assets

OTHER ASSETS

€ MN

	as of 30 September 2015	as of 31 December 2014
Receivables		
Policyholders	6,275	5,846
Agents	4,583	4,348
Reinsurers	2,576	1,951
Other	4,737	4,711
Less allowance for doubtful accounts	(676)	(693)
Subtotal	**17,495**	**16,163**
Tax receivables		
Income taxes	1,688	1,996
Other taxes	1,469	1,426
Subtotal	**3,157**	**3,422**
Accrued dividends, interest and rent	7,323	7,836
Prepaid expenses		
Interest and rent	18	25
Other prepaid expenses	351	256
Subtotal	**369**	**281**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	597	477
Property and equipment		
Real estate held for own use	2,719	2,566
Software	2,256	2,142
Equipment	1,376	1,291
Fixed assets of alternative investments	1,848	1,465
Subtotal	**8,199**	**7,464**
Other assets	1,597	1,437
Total	**38,738**	**37,080**

11 — Non-current assets and disposal groups classified as held for sale

NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

€ MN

	as of 30 September 2015	as of 31 December 2014
Assets of disposal groups classified as held for sale		
Allianz Suisse Rückversicherungs AG, Zurich	65	–
Münsterländische Bank Thie & Co. KG, Münster	–	83
Subtotal	**65**	**83**
Non-current assets classified as held for sale		
Real estate held for investment	86	92
Real estate held for own use	4	61
Subtotal	**90**	**152**
Total	**155**	**235**
Liabilities of disposal groups classified as held for sale		
Allianz Suisse Rückversicherungs AG, Zurich	41	–
Münsterländische Bank Thie & Co. KG, Münster	–	102
Total	**41**	**102**

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Allianz Suisse Rückversicherungs AG, Zurich

During the third quarter of 2015, the Allianz Group decided to dispose of Allianz Suisse Rückversicherungs AG, Zurich. Thus, the assets and liabilities of this consolidated entity allocated to the reportable segment Global Insurance Lines & Anglo Markets (Property-Casualty) were classified as held for sale. As of 30 September 2015, cumulative gains of € 36 MN were recorded in other comprehensive income relating to the disposal group classified as held for sale. The sale is expected to occur during the next six months. Upon remeasurement of the disposal group at fair value less costs to sell, no impairment loss was recognized for the nine months ended 30 September 2015.

Münsterländische Bank Thie & Co. KG, Münster

In May 2015, the Allianz Group completed the sale of Münsterländische Bank Thie & Co. KG, Münster, which was classified as a disposal group held for sale during the fourth quarter of 2014. Upon measurement of the disposal group at fair value less costs to sell, no impairment losses were recognized until the disposal.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As of 31 December 2014, real estate held for investment classified as held for sale had comprised several office buildings allocated to the reportable segment German Speaking Countries and Central & Eastern Europe (Life/Health), which were sold during the first quarter of 2015, as expected.

As of 30 September 2015, real estate held for investment classified as held for sale comprised several buildings in different portfolios mainly allocated to the reportable segment German Speaking Countries and Central & Eastern Europe (Life/Health). Upon measurement of these buildings at fair value less costs to sell, no impairment losses were recognized for the nine months ended 30 September 2015. The sales will be completed by the end of the fourth quarter of 2015.

Real estate held for own use classified as held for sale comprised as of 31 December 2014 several office buildings allocated to the reportable segment Global Insurance Lines & Anglo Markets (Property-Casualty), which were sold during the third quarter of 2015, as expected.

12 — Intangible assets

INTANGIBLE ASSETS

€ MN

	as of 30 September 2015	as of 31 December 2014
Intangible assets with indefinite useful lives		
Goodwill	12,458	12,166
Brand names[1]	293	289
Subtotal	**12,750**	**12,455**
Intangible assets with finite useful lives		
Distribution agreements[2]	859	948
Customer relationships[3]	182	231
Other[4]	292	121
Subtotal	**1,333**	**1,300**
Total	**14,083**	**13,755**

1 — Primarily include the brand name of Selecta AG, Muntelier.
2 — Primarily include the long-term distribution agreements with Commerzbank AG of € 307 MN (2014: € 335 MN), Banco Popular S.A. of € 341 MN (2014: € 353 MN), Yapı Kredi Bank of € 116 MN (2014: € 147 MN) and HSBC Asia, HSBC Turkey and BTPN Indonesia of € 76 MN (2014: € 90 MN).
3 — Primarily include customer relationships from acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A. of € 82 MN (2014: € 100 MN), and from the acquisition of Selecta of € 60 MN (2014: € 85 MN), Assurances Médicales S.A. of € 16 MN (2014: € 18 MN) and Yapı Kredi of € 6 MN (2014: € 8 MN).
4 — Primarily include acquired business portfolios of € 186 MN (2014: € 64 MN), heritable building rights of € 39 MN (2014: € 17 MN) and lease rights of € 10 MN (2014: € – MN). In the second quarter of 2015, € 145 MN were reclassified from present value of future profits to intangible assets.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill

GOODWILL

€ MN	2015	2014
Cost as of 1 January	13,156	12,534
Accumulated impairments as of 1 January	(990)	(990)
Carrying amount as of 1 January	**12,166**	**11,544**
Additions	71	286
Disposals	–	–
Foreign currency translation adjustments	221	269
Impairments	–	–
Carrying amount as of 30 September	**12,458**	**12,099**
Accumulated impairments as of 30 September	990	990
Cost as of 30 September	13,448	13,090

For the nine months ended 30 September 2015, additions are mainly related to goodwill arising from the acquisition of the Property-Casualty insurance business of the Territory Insurance Office, Darwin, as well as from the acquisition of several windparks. For further information, please refer to note 3.

13 — Financial liabilities carried at fair value through income

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

€ MN	as of 30 September 2015	as of 31 December 2014
Financial liabilities held for trading		
Derivative financial instruments	9,005	8,493
Other trading liabilities	3	3
Total	**9,008**	**8,496**

14 — Liabilities to banks and customers

LIABILITIES TO BANKS AND CUSTOMERS

€ MN	as of 30 September 2015			as of 31 December 2014		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	21	5,374	5,395	69	4,803	4,872
Savings deposits	–	2,446	2,446	–	2,846	2,846
Term deposits and certificates of deposit	1,143	1,322	2,465	971	1,946	2,916
Repurchase agreements	2,743	–	2,743	1,197	–	1,197
Collateral received from securities lending transactions and derivatives	3,173	–	3,173	2,715	–	2,715
Other	4,162	4,501	8,663	4,278	4,191	8,469
Total	**11,243**	**13,642**	**24,885**	**9,230**	**13,786**	**23,015**

15 — Reserves for loss and loss adjustment expenses

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

€ MN	as of 30 September 2015	as of 31 December 2014
Property-Casualty	61,229	58,925
Life/Health	10,524	10,081
Consolidation	(37)	(18)
Total	**71,716**	**68,989**

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The following table reconciles the beginning and ending reserves of the Allianz Group, including the effect of reinsurance ceded, for the Property-Casualty business segment for the nine months ended 30 September 2015 and 2014.

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES IN THE PROPERTY-CASUALTY BUSINESS SEGMENT

€ MN	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	**58,925**	**(6,577)**	**52,348**	**56,614**	**(6,070)**	**50,544**
Balance carry forward of discounted loss reserves	3,597	(326)	3,271	3,207	(306)	2,901
Subtotal	**62,522**	**(6,903)**	**55,619**	**59,821**	**(6,376)**	**53,445**
Loss and loss adjustment expenses incurred						
Current year	26,256	(2,007)	24,249	23,730	(1,642)	22,088
Prior years	(1,430)	152	(1,278)	(1,143)	234	(909)
Subtotal	**24,826**	**(1,855)**	**22,970**	**22,587**	**(1,408)**	**21,179**
Loss and loss adjustment expenses paid						
Current year	(11,283)	516	(10,767)	(10,262)	229	(10,033)
Prior years	(12,084)	1,039	(11,045)	(11,704)	1,078	(10,625)
Subtotal	**(23,367)**	**1,555**	**(21,812)**	**(21,966)**	**1,307**	**(20,658)**
Foreign currency translation adjustments and other changes	1,024	(404)	620	1,708	(297)	1,411
Subtotal	**65,005**	**(7,607)**	**57,397**	**62,151**	**(6,774)**	**55,377**
Ending balance of discounted loss reserves	(3,775)	340	(3,436)	(3,505)	312	(3,193)
As of 30 September	**61,229**	**(7,268)**	**53,962**	**58,646**	**(6,462)**	**52,184**

16 — Reserves for insurance and investment contracts

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

€ MN	as of 30 September 2015	as of 31 December 2014
Aggregate policy reserves	419,361	399,227
Reserves for premium refunds	59,233	63,026
Other insurance reserves	1,138	1,081
Total	**479,732**	**463,334**

17 — Other liabilities

OTHER LIABILITIES

€ MN	as of 30 September 2015	as of 31 December 2014
Payables		
Policyholders	3,903	4,934
Reinsurance	1,558	1,460
Agents	1,777	1,615
Subtotal	**7,237**	**8,009**
Payables for social security	431	420
Tax payables		
Income taxes	1,527	1,801
Other taxes	1,390	1,387
Subtotal	**2,917**	**3,187**
Accrued interest and rent	560	613
Unearned income		
Interest and rent	26	24
Other	348	283
Subtotal	**374**	**307**
Provisions		
Pensions and similar obligations	9,248	9,765
Employee related	2,715	2,327
Share-based compensation plans	422	606
Restructuring plans	236	109
Loan commitments	6	12
Contingent losses from non-insurance business	150	134
Other provisions	1,472	1,684
Subtotal	**14,250**	**14,637**
Deposits retained for reinsurance ceded	1,832	1,843
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	465	281
Financial liabilities for puttable equity instruments	2,329	1,793
Other liabilities	7,362	7,520
Total	**37,758**	**38,609**

The change in restructuring provisions is mainly driven by three restructuring programs: the reorganization of Fireman's Fund Insurance Company (FFIC) in the United States, which was started in the first quarter of 2015, a restructuring program at Allianz Beratungs- und Vertriebs-AG (ABV) in Germany, started in the second quarter of 2015, and the restructuring program AGI 2.0, which Allianz Global Investors (AllianzGI) has launched in the third quarter of 2015.

For the reorganization of FFIC, restructuring charges of € 96 MN, thereof restructuring provisions of € 70 MN, were recorded in the Global Insurance Lines & Anglo Markets (Property-Casualty) reportable segment for the nine months ended 30 September 2015.

ABV is reorganizing its sales and distribution organization to meet changing client expectations as well as new regulatory requirements and to strengthen sustainability and competitiveness. In this regard, restructuring charges of € 54 MN, thereof restructuring provisions of € 53 MN, were recorded for the nine months ended 30 September 2015.

As part of a strategic development goal to position AllianzGI as a global investment leader, AllianzGI started a restructuring program to increase effectiveness and efficiency especially within business support. In this regard, restructuring charges of € 34 MN, thereof restructuring provisions of € 33 MN, were recorded by AllianzGI for the nine months ended 30 September 2015.

18 — Certificated liabilities

CERTIFICATED LIABILITIES

€ MN

	as of 30 September 2015	as of 31 December 2014
Allianz SE[1]		
Senior bonds	6,710	6,653
Money market securities	1,593	1,041
Subtotal	**8,303**	**7,694**
Banking subsidiaries		
Senior bonds	415	513
Subtotal	**415**	**513**
Total	**8,718**	**8,207**

1 — Includes senior bonds issued by Allianz Finance II B.V., guaranteed by Allianz SE as well as money market securities issued by Allianz Finance Corporation, a wholly-owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

19 — Subordinated liabilities

SUBORDINATED LIABILITIES

€ MN

	as of 30 September 2015	as of 31 December 2014
Allianz SE[1]		
Subordinated bonds[2]	11,935	11,371
Subtotal	**11,935**	**11,371**
Banking subsidiaries		
Subordinated bonds	251	221
Subtotal	**251**	**221**
All other subsidiaries		
Subordinated bonds[3]	–	400
Hybrid equity	45	45
Subtotal	**45**	**445**
Total	**12,231**	**12,037**

1 — Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.
2 — Change due to the redemption of a € 1.0 BN bond and the issuance of a € 1.5 BN bond in the first quarter of 2015.
3 — Change due to the redemption of a € 0.4 BN bond in the second quarter of 2015.

20 — Equity

EQUITY

€ MN

	as of 30 September 2015	as of 31 December 2014
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1]	22,636	19,878
Foreign currency translation adjustments	(1,488)	(1,977)
Unrealized gains and losses (net)[2]	11,204	13,917
Subtotal	**61,280**	**60,747**
Non-controlling interests	2,846	2,955
Total	**64,126**	**63,702**

1 — As of 30 September 2015, include € (214) MN (2014: € (222) MN) related to treasury shares.
2 — As of 30 September 2015, include € 226 MN (2014: € 288 MN) related to cash flow hedges.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

21 — Premiums earned (net)

PREMIUMS EARNED (NET)

€ MN three months ended 30 September	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Premiums written				
Direct	10,612	5,524	–	16,136
Assumed	909	157	(25)	1,041
Subtotal	**11,521**	**5,680**	**(25)**	**17,177**
Ceded	(1,033)	(156)	25	(1,164)
Net	**10,488**	**5,525**	**–**	**16,013**
Change in unearned premiums				
Direct	1,485	(99)	–	1,386
Assumed	(92)	–	(5)	(97)
Subtotal	**1,393**	**(99)**	**(5)**	**1,289**
Ceded	(149)	(1)	5	(145)
Net	**1,244**	**(100)**	**–**	**1,144**
Premiums earned				
Direct	12,097	5,425	–	17,522
Assumed	818	156	(30)	944
Subtotal	**12,915**	**5,581**	**(30)**	**18,466**
Ceded	(1,182)	(157)	30	(1,309)
Net	**11,733**	**5,424**	**–**	**17,157**
2014				
Premiums written				
Direct	10,326	5,948	–	16,274
Assumed	928	208	(17)	1,119
Subtotal	**11,254**	**6,156**	**(17)**	**17,393**
Ceded	(959)	(175)	17	(1,118)
Net	**10,294**	**5,981**	**–**	**16,275**
Change in unearned premiums				
Direct	1,087	(125)	–	962
Assumed	(126)	(1)	–	(127)
Subtotal	**961**	**(126)**	**–**	**835**
Ceded	(76)	1	–	(75)
Net	**885**	**(125)**	**–**	**760**
Premiums earned				
Direct	11,413	5,824	–	17,236
Assumed	802	206	(17)	992
Subtotal	**12,215**	**6,030**	**(17)**	**18,228**
Ceded	(1,035)	(174)	17	(1,193)
Net	**11,180**	**5,856**	**–**	**17,035**

PREMIUMS EARNED (NET) (CONTINUED)

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Premiums written				
Direct	37,549	18,192	–	55,740
Assumed	3,155	487	(81)	3,561
Subtotal	**40,704**	**18,679**	**(81)**	**59,301**
Ceded	(4,192)	(557)	81	(4,668)
Net	**36,511**	**18,122**	**–**	**54,634**
Change in unearned premiums				
Direct	(1,839)	(239)	–	(2,078)
Assumed	(554)	(1)	8	(548)
Subtotal	**(2,394)**	**(240)**	**8**	**(2,626)**
Ceded	687	5	(8)	684
Net	**(1,707)**	**(235)**	**–**	**(1,942)**
Premiums earned				
Direct	35,709	17,953	–	53,662
Assumed	2,601	486	(74)	3,013
Subtotal	**38,310**	**18,439**	**(74)**	**56,675**
Ceded	(3,505)	(552)	74	(3,984)
Net	**34,804**	**17,887**	**–**	**52,692**
2014				
Premiums written				
Direct	34,882	18,455	–	53,337
Assumed	2,435	589	(61)	2,964
Subtotal	**37,317**	**19,045**	**(61)**	**56,301**
Ceded	(3,122)	(548)	61	(3,609)
Net	**34,195**	**18,497**	**–**	**52,691**
Change in unearned premiums				
Direct	(1,779)	(352)	–	(2,131)
Assumed	(442)	(21)	7	(456)
Subtotal	**(2,221)**	**(373)**	**7**	**(2,587)**
Ceded	317	8	(7)	317
Net	**(1,904)**	**(366)**	**–**	**(2,270)**
Premiums earned				
Direct	33,103	18,103	–	51,205
Assumed	1,993	569	(54)	2,508
Subtotal	**35,096**	**18,672**	**(54)**	**53,713**
Ceded	(2,806)	(541)	54	(3,292)
Net	**32,291**	**18,131**	**–**	**50,421**

22 — Interest and similar income

INTEREST AND SIMILAR INCOME

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Interest from held-to-maturity investments	39	41	116	124
Dividends from available-for-sale investments	445	325	1,553	1,216
Interest from available-for-sale investments	3,624	3,436	10,728	10,095
Share of earnings from investments in associates and joint ventures	61	22	223	115
Rent from real estate held for investment	220	207	658	629
Interest from loans to banks and customers	1,151	1,211	3,528	3,646
Other interest income	40	57	142	150
Total	**5,580**	**5,299**	**16,948**	**15,976**

23 — Income from financial assets and liabilities carried at fair value through income (net)

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

€ MN

three months ended 30 September	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
Income (expenses) from financial assets and liabilities held for trading (net)	(22)	(550)	–	6	–	(566)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	–	(247)	(4)	(16)	(1)	(269)
Income (expenses) from financial liabilities for puttable equity instruments (net)	–	165	–	–	–	165
Foreign currency gains and losses (net)	(48)	(564)	(1)	16	–	(597)
Total	**(70)**	**(1,196)**	**(5)**	**6**	**(1)**	**(1,266)**
2014						
Income (expenses) from financial assets and liabilities held for trading (net)	(154)	(1,514)	–	(71)	–	(1,739)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	1	18	–	3	–	22
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	(16)	–	–	–	(17)
Foreign currency gains and losses (net)	142	1,288	2	70	–	1,502
Total	**(11)**	**(224)**	**2**	**3**	**(1)**	**(231)**

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) (CONTINUED)

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
Income (expenses) from financial assets and liabilities held for trading (net)	(157)	(2,723)	(1)	(161)	5	(3,037)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	–	(91)	(1)	(10)	(2)	(103)
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	59	–	1	–	59
Foreign currency gains and losses (net)	83	861	(7)	121	–	1,056
Total	**(75)**	**(1,894)**	**(9)**	**(49)**	**3**	**(2,024)**
2014						
Income (expenses) from financial assets and liabilities held for trading (net)	(231)	(2,178)	(1)	(62)	(2)	(2,474)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	2	161	3	5	(1)	169
Income (expenses) from financial liabilities for puttable equity instruments (net)	–	(94)	–	–	–	(94)
Foreign currency gains and losses (net)	172	1,557	3	63	–	1,795
Total	**(58)**	**(555)**	**5**	**6**	**(3)**	**(604)**

Further explanations for the three months ended 30 September

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net) (2015: expenses of € 597 MN; 2014: income of € 1,502 MN). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income. The Allianz Group uses freestanding derivatives, included in the line item income (expenses) from financial assets and liabilities held for trading (net), to hedge against foreign currency fluctuations (2015: expenses of € 7 MN; 2014: expenses of € 1,567 MN).

Additionally included in the business segment Life/Health are derivative financial instruments from German entities which relate to duration management (2015: income of € 108 MN; 2014: income of € 174 MN) and protection against equity fluctuations (2015: expenses of € 292 MN; 2014: income of € 12 MN), as well as from U.S. entities which relate to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts (2015: expenses of € 428 MN; 2014: expenses of € 260 MN).

24 — Realized gains/losses (net)

REALIZED GAINS/LOSSES (NET)

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
REALIZED GAINS				
Available-for-sale investments				
Equity securities	367	339	2,711	1,176
Debt securities	1,112	571	3,615	1,545
Subtotal	**1,478**	**910**	**6,326**	**2,721**
Investments in associates and joint ventures[1]	–	7	33	27
Real estate held for investment	13	42	84	125
Loans and advances to banks and customers	225	41	619	223
Non-current assets classified as held for sale	22	33	51	34
Subtotal	**1,739**	**1,033**	**7,112**	**3,130**
REALIZED LOSSES				
Available-for-sale investments				
Equity securities	(89)	(45)	(202)	(96)
Debt securities	(219)	(94)	(542)	(198)
Subtotal	**(308)**	**(139)**	**(744)**	**(294)**
Investments in associates and joint ventures[2]	(1)	(1)	(5)	(6)
Real estate held for investment	–	1	(1)	(4)
Loans and advances to banks and customers	(1)	–	(3)	(1)
Subtotal	**(310)**	**(140)**	**(752)**	**(305)**
Total	**1,429**	**893**	**6,361**	**2,825**

1 — For the three and the nine months ended 30 September 2015, include realized gains from the disposal of subsidiaries and businesses of € – MN (2014: € 1 MN) and € 1 MN (2014: € 1 MN), respectively.
2 — For the three and the nine months ended 30 September 2015, include realized losses from the disposal of subsidiaries and businesses of € 1 MN (2014: € 1 MN) and € 1 MN (2014: € 1 MN), respectively.

25 — Fee and commission income

FEE AND COMMISSION INCOME

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Fees from credit and assistance business	256	206	747	595
Service agreements	115	141	340	360
Subtotal	**372**	**347**	**1,087**	**955**
LIFE/HEALTH				
Service agreements	24	26	71	77
Investment advisory	294	237	927	675
Other	–	–	–	1
Subtotal	**318**	**263**	**997**	**752**
ASSET MANAGEMENT				
Management fees	1,673	1,772	5,145	5,128
Loading and exit fees	131	165	445	525
Performance fees	192	40	304	126
Other	8	6	25	37
Subtotal	**2,004**	**1,984**	**5,919**	**5,817**
CORPORATE AND OTHER				
Service agreements	87	19	128	52
Investment advisory and banking activities	166	163	532	474
Subtotal	**253**	**181**	**660**	**526**
CONSOLIDATION	(201)	(185)	(600)	(514)
Total	**2,746**	**2,590**	**8,063**	**7,536**

26 — Other income

OTHER INCOME

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Income from real estate held for own use				
Realized gains from disposals of real estate held for own use	1	–	10	23
Other income from real estate held for own use	–	–	1	–
Subtotal	**1**	**–**	**12**	**23**
Income from non-current assets classified as held for sale	1	–	1	1
Income from alternative investments	52	38	173	136
Other	(15)	(1)	209[1]	1
Total	**38**	**37**	**394**	**160**

1 — For the nine months ended 30 September 2015, includes a net gain of € 0.2 BN on the sale of the personal insurance business of Fireman's Fund Insurance Company to ACE Limited. The sale was an integral part of the reorganization of Allianz Group's Property-Casualty insurance business in the United States.

27 — Income and expenses from fully consolidated private equity investments

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Income				
Sales and service revenues	185	170	540	513
Subtotal	**185**	**170**	**540**	**513**
Expenses				
Cost of goods sold	(56)	(51)	(166)	(158)
General and administrative expenses	(143)	(121)	(350)	(353)
Interest expenses	(11)	(18)	(56)	(33)
Subtotal	**(210)**	**(189)**	**(572)**	**(544)**
Consolidation[1]	12	9	15	15
Total	**(13)**	**(11)**	**(18)**	**(16)**

1 — This consolidation effect results from the deferred policyholder participation recognized in the result from fully consolidated private equity investments within operating profit in the Life/Health business segment that was reclassified to expenses from fully consolidated private equity investments in non-operating profit to ensure the consistent presentation of the Allianz Group's operating profit.

28 — Claims and insurance benefits incurred (net)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET)

€ MN three months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Claims and insurance benefits paid	(7,742)	(4,828)	17	(12,553)
Change in reserves for loss and loss adjustment expenses	(658)	(110)	12	(756)
Subtotal	**(8,400)**	**(4,938)**	**29**	**(13,309)**
Ceded				
Claims and insurance benefits paid	523	173	(16)	681
Change in reserves for loss and loss adjustment expenses	149	22	(12)	160
Subtotal	**673**	**196**	**(28)**	**840**
Net				
Claims and insurance benefits paid	(7,219)	(4,655)	1	(11,873)
Change in reserves for loss and loss adjustment expenses	(509)	(87)	–	(596)
Total	**(7,728)**	**(4,742)**	**1**	**(12,469)**
2014				
Gross				
Claims and insurance benefits paid	(7,403)	(5,151)	12	(12,542)
Change in reserves for loss and loss adjustment expenses	(372)	2	2	(368)
Subtotal	**(7,775)**	**(5,149)**	**14**	**(12,910)**
Ceded				
Claims and insurance benefits paid	413	131	(11)	534
Change in reserves for loss and loss adjustment expenses	(4)	14	(2)	8
Subtotal	**409**	**145**	**(12)**	**542**
Net				
Claims and insurance benefits paid	(6,990)	(5,020)	1	(12,008)
Change in reserves for loss and loss adjustment expenses	(376)	16	1	(359)
Total	**(7,366)**	**(5,004)**	**2**	**(12,368)**

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) (CONTINUED)

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Claims and insurance benefits paid	(23,367)	(14,756)	44	(38,079)
Change in reserves for loss and loss adjustment expenses	(1,459)	(266)	21	(1,704)
Subtotal	**(24,826)**	**(15,023)**	**65**	**(39,784)**
Ceded				
Claims and insurance benefits paid	1,555	361	(40)	1,876
Change in reserves for loss and loss adjustment expenses	300	62	(21)	342
Subtotal	**1,855**	**423**	**(61)**	**2,217**
Net				
Claims and insurance benefits paid	(21,812)	(14,396)	4	(36,204)
Change in reserves for loss and loss adjustment expenses	(1,158)	(204)	–	(1,363)
Total	**(22,970)**	**(14,600)**	**4**	**(37,567)**
2014				
Gross				
Claims and insurance benefits paid	(21,966)	(15,406)	33	(37,339)
Change in reserves for loss and loss adjustment expenses	(622)	(247)	4	(865)
Subtotal	**(22,587)**	**(15,653)**	**37**	**(38,204)**
Ceded				
Claims and insurance benefits paid	1,307	359	(29)	1,638
Change in reserves for loss and loss adjustment expenses	101	36	(4)	132
Subtotal	**1,408**	**395**	**(33)**	**1,770**
Net				
Claims and insurance benefits paid	(20,658)	(15,047)	4	(35,701)
Change in reserves for loss and loss adjustment expenses	(521)	(211)	(1)	(733)
Total	**(21,179)**	**(15,258)**	**3**	**(36,434)**

29 — Change in reserves for insurance and investment contracts (net)

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET)

€ MN three months ended 30 September	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Gross				
Aggregate policy reserves	(65)	(1,718)	–	(1,784)
Other insurance reserves	–	3	–	3
Expenses for premium refunds	(9)	(187)	(27)	(223)
Subtotal	**(74)**	**(1,903)**	**(27)**	**(2,004)**
Ceded				
Aggregate policy reserves	2	13	–	15
Other insurance reserves	–	1	–	1
Expenses for premium refunds	–	2	–	2
Subtotal	**3**	**15**	**–**	**18**
Net				
Aggregate policy reserves	(63)	(1,705)	–	(1,768)
Other insurance reserves	–	3	–	3
Expenses for premium refunds	(8)	(185)	(27)	(221)
Total	**(71)**	**(1,888)**	**(27)**	**(1,986)**
2014				
Gross				
Aggregate policy reserves	(76)	(1,631)	(1)	(1,709)
Other insurance reserves	1	(54)	–	(53)
Expenses for premium refunds	(94)	(1,547)	(75)	(1,716)
Subtotal	**(170)**	**(3,232)**	**(76)**	**(3,478)**
Ceded				
Aggregate policy reserves	1	50	–	51
Other insurance reserves	–	2	–	2
Expenses for premium refunds	1	4	–	5
Subtotal	**2**	**57**	**–**	**59**
Net				
Aggregate policy reserves	(75)	(1,581)	(1)	(1,657)
Other insurance reserves	1	(52)	–	(51)
Expenses for premium refunds	(93)	(1,542)	(75)	(1,711)
Total	**(168)**	**(3,175)**	**(76)**	**(3,419)**

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) (CONTINUED)

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Gross				
Aggregate policy reserves	(192)	(6,043)	(2)	(6,236)
Other insurance reserves	–	(132)	–	(132)
Expenses for premium refunds	(177)	(5,378)	(39)	(5,594)
Subtotal	**(368)**	**(11,553)**	**(41)**	**(11,962)**
Ceded				
Aggregate policy reserves	6	263	–	268
Other insurance reserves	–	4	–	4
Expenses for premium refunds	–	4	–	4
Subtotal	**6**	**271**	**–**	**277**
Net				
Aggregate policy reserves	(186)	(5,780)	(2)	(5,967)
Other insurance reserves	–	(128)	–	(128)
Expenses for premium refunds	(177)	(5,374)	(39)	(5,590)
Total	**(362)**	**(11,282)**	**(41)**	**(11,685)**
2014				
Gross				
Aggregate policy reserves	(205)	(5,333)	(2)	(5,540)
Other insurance reserves	(3)	(144)	–	(147)
Expenses for premium refunds	(225)	(4,671)	(81)	(4,977)
Subtotal	**(433)**	**(10,148)**	**(83)**	**(10,664)**
Ceded				
Aggregate policy reserves	4	184	1	188
Other insurance reserves	–	9	–	9
Expenses for premium refunds	1	10	–	11
Subtotal	**5**	**202**	**–**	**208**
Net				
Aggregate policy reserves	(201)	(5,150)	(1)	(5,352)
Other insurance reserves	(3)	(135)	–	(138)
Expenses for premium refunds	(224)	(4,661)	(81)	(4,967)
Total	**(428)**	**(9,946)**	**(83)**	**(10,457)**

30 — Interest expenses

INTEREST EXPENSES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Liabilities to banks and customers	(49)	(60)	(158)	(183)
Deposits retained for reinsurance ceded	(7)	(12)	(35)	(34)
Certificated liabilities	(73)	(72)	(221)	(210)
Subordinated liabilities	(145)	(146)	(434)	(428)
Other interest expenses	(24)	(25)	(73)	(70)
Total	**(297)**	**(315)**	**(921)**	**(925)**

31 — Loan loss provisions

LOAN LOSS PROVISIONS

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Additions to allowances including direct impairments	(31)	(30)	(100)	(103)
Amounts released	15	18	58	54
Recoveries on loans previously impaired	1	5	2	19
Total	**(15)**	**(7)**	**(39)**	**(31)**

32 — Impairments of investments (net)

IMPAIRMENTS OF INVESTMENTS (NET)

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
IMPAIRMENTS				
Available-for-sale investments				
Equity securities	(784)	(113)	(935)	(301)
Debt securities	(185)	(31)	(278)	(275)
Subtotal	**(969)**	**(144)**	**(1,213)**	**(576)**
Investments in associates and joint ventures	–	–	(4)	–
Real estate held for investment	(30)	(21)	(35)	(22)
Loans and advances to banks and customers	(2)	(1)	(18)	(3)
Non-current assets and disposal groups classified as held for sale	–	(3)	–	(5)
Subtotal	**(1,002)**	**(168)**	**(1,270)**	**(605)**
REVERSALS OF IMPAIRMENTS				
Real estate held for investment	11	12	12	12
Loans and advances to banks and customers	–	–	2	1
Subtotal	**11**	**12**	**14**	**13**
Total	**(991)**	**(156)**	**(1,256)**	**(592)**

33 — Investment expenses

INVESTMENT EXPENSES

€ MN

	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Investment management expenses	(167)	(158)	(475)	(409)
Depreciation of real estate held for investment	(63)	(59)	(186)	(170)
Other expenses from real estate held for investment	(37)	(45)	(109)	(113)
Total	**(268)**	**(261)**	**(770)**	**(693)**

34 — Acquisition and administrative expenses (net)

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET)

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Acquisition costs				
Incurred	(2,543)	(2,384)	(8,218)	(7,479)
Commissions and profit received on reinsurance business ceded	151	105	400	298
Deferrals of acquisition costs	1,606	1,259	5,264	4,520
Amortization of deferred acquisition costs	(1,770)	(1,382)	(5,041)	(4,316)
Subtotal	**(2,556)**	**(2,402)**	**(7,594)**	**(6,977)**
Administrative expenses	(760)	(687)	(2,359)[1]	(2,597)[1]
Subtotal	**(3,316)**	**(3,089)**	**(9,953)**	**(9,574)**
LIFE/HEALTH				
Acquisition costs				
Incurred	(1,223)	(1,264)	(3,847)	(3,810)
Commissions and profit received on reinsurance business ceded	30	26	84	72
Deferrals of acquisition costs	757	808	2,487	2,556
Amortization of deferred acquisition costs	(971)	(661)	(2,700)	(1,818)
Subtotal	**(1,407)**	**(1,091)**	**(3,976)**	**(3,001)**
Administrative expenses	(370)	(397)	(1,234)[1]	(1,196)[1]
Subtotal	**(1,777)**	**(1,488)**	**(5,210)**	**(4,197)**
ASSET MANAGEMENT				
Personnel expenses	(634)	(582)	(1,928)[1]	(1,749)[1]
Non-personnel expenses	(367)	(342)	(1,155)	(991)
Subtotal	**(1,001)**	**(924)**	**(3,083)**	**(2,740)**
CORPORATE AND OTHER				
Administrative expenses	(344)	(353)	(771)[1]	(266)[1]
Subtotal	**(344)**	**(353)**	**(771)**	**(266)**
CONSOLIDATION	11	15	10	(96)[1]
Total	**(6,427)**	**(5,839)**	**(19,006)**	**(16,873)**

1 — Include one-off effects from pension revaluation. Please refer to note 4 for further details.

35 — Fee and commission expenses

FEE AND COMMISSION EXPENSES

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Fees from credit and assistance business	(250)	(219)	(757)	(621)
Service agreements	(95)	(103)	(268)	(273)
Subtotal	**(345)**	**(323)**	**(1,025)**	**(894)**
LIFE/HEALTH				
Service agreements	(10)	(10)	(31)	(31)
Investment advisory	(139)	(100)	(414)	(258)
Subtotal	**(149)**	**(110)**	**(445)**	**(290)**
ASSET MANAGEMENT				
Commissions	(350)	(336)	(1,081)	(956)
Other	(12)	(31)	(69)	(127)
Subtotal	**(362)**	**(367)**	**(1,150)**	**(1,083)**
CORPORATE AND OTHER				
Service agreements	(128)	(73)	(288)	(222)
Investment advisory and banking activities	(75)	(72)	(255)	(216)
Subtotal	**(203)**	**(145)**	**(543)**	**(437)**
CONSOLIDATION	106	97	321	244
Total	**(952)**	**(847)**	**(2,842)**	**(2,459)**

36 — Other expenses

OTHER EXPENSES

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Realized losses from disposals of real estate held for own use	–	–	–	(7)
Expenses from alternative investments	(28)	(28)	(85)	(75)
Expenses from non-current assets classified as held for sale	(4)	(17)	(5)	(18)
Other	(1)	(1)	(3)	(1)
Total	**(33)**	**(46)**	**(93)**	**(101)**

37 — Income taxes

INCOME TAXES

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Current income taxes	(675)	(487)	(1,981)	(2,278)
Deferred income taxes	(45)	(145)	(463)	(96)
Total	**(720)**	**(632)**	**(2,444)**	**(2,373)**

For the three and the nine months ended 30 September 2015 and 2014, the income taxes relating to components of other comprehensive income consist of the following:

INCOME TAXES RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Items that may be reclassified to profit or loss in future periods				
Foreign currency translation adjustments	(9)	70	104	83
Available-for-sale investments	(120)	(491)	1,330	(2,307)
Cash flow hedges	(31)	(5)	35	(24)
Share of other comprehensive income of associates and joint ventures	4	(1)	1	(2)
Miscellaneous	(8)	(29)	(18)	(56)
Items that may never be reclassified to profit or loss				
Actuarial gains (losses) on defined benefit plans	(56)	188	(198)	484
Total	**(220)**	**(268)**	**1,253**	**(1,823)**

OTHER INFORMATION

38 — Financial instruments and fair value measurement

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table compares the carrying amount with the fair value of the Allianz Group's financial assets and financial liabilities:

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

€ MN

	as of 30 September 2015		as of 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	13,621	13,621	13,863	13,863
Financial assets held for trading	2,569	2,569	2,214	2,214
Financial assets designated at fair value through income	4,657	4,657	3,660	3,660
Available-for-sale investments	483,690	483,690	465,914	465,914
Held-to-maturity investments	3,859	4,520	3,969	4,710
Investments in associates and joint ventures	4,741	5,761	4,059	4,820
Real estate held for investment	11,770	16,975	11,349	16,323
Loans and advances to banks and customers	115,012	134,548	117,075	140,238
Financial assets for unit-linked contracts	100,681	100,681	94,564	94,564
Derivative financial instruments and firm commitments included in other assets	597	597	477	477
Real estate held for own use	2,719	3,835	2,566	3,646
FINANCIAL LIABILITIES				
Financial liabilities held for trading	9,008	9,008	8,496	8,496
Liabilities to banks and customers	24,885	25,191	23,015	23,607
Financial liabilities for unit-linked contracts	100,681	100,681	94,564	94,564
Derivative financial instruments and firm commitments included in other liabilities	465	465	281	281
Financial liabilities for puttable equity instruments	2,329	2,329	1,793	1,793
Certificated liabilities	8,718	9,474	8,207	9,293
Subordinated liabilities	12,231	12,840	12,037	13,253

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of most other assets and liabilities. The fair value of an asset or liability is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The maximum credit risk exposure of financial assets, without taking collateral into account, is represented by their carrying amount, except for available-for-sale financial assets, for which it is represented by the amortized cost amount.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the level of non-market observable inputs. The Allianz Group uses a maximum of observable inputs and a minimum of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity as well as general market conditions.

If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values. As of 30 September 2015, fair values could not be reliably measured for equity investments with carrying amounts totaling € 191 MN (31 December 2014: € 189 MN). These investments are primarily investments in privately held corporations and partnerships.

FAIR VALUE HIERARCHY

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

In general, the subsidiaries assume responsibility for assessing fair values and hierarchies of assets and liabilities. This is consistent with the decentralized organizational structure of the Allianz Group and reflects local managers' market insights. Estimates and assumptions are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified within level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers. If no sufficient market information is available, management's best estimate of a particular input is used to determine the value.

Quoted prices in active markets – Fair value level 1:

The level 1 inputs of financial instruments that are traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the balance sheet date, if the latter is a trading day.

Valuation techniques – Market observable inputs – Fair value level 2:

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters. Such market inputs are observable substantially over the full term of the asset or liability and include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities and foreign currency exchange rates.

Valuation techniques – Non-market observable inputs – Fair value level 3:

Where observable market inputs are not available, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which observable market prices exist and other valuation models. Appropriate adjustments are made for credit risks. In particular when observable market inputs are not available, the use of estimates and assumptions may have a strong impact on the valuation outcome.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts,
- Derivative financial instruments and firm commitments included in other assets and other liabilities, and
- Financial liabilities for puttable equity instruments.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 30 September 2015 and 31 December 2014.

FAIR VALUE HIERARCHY AS OF 30 SEPTEMBER 2015 (ITEMS CARRIED AT FAIR VALUE)

€ MN

	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	90	378	–	468
Equity securities	35	134	12	181
Derivative financial instruments	194	1,581	145	1,920
Subtotal	**319**	**2,092**	**157**	**2,569**
Financial assets designated at fair value through income				
Debt securities	1,491	981	27	2,498
Equity securities	2,019	29	110	2,159
Subtotal	**3,510**	**1,010**	**137**	**4,657**
Subtotal	**3,829**	**3,102**	**294**	**7,226**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	14	3,939	–	3,953
Corporate mortgage-backed securities (residential and commercial)	21	13,573	54	13,648
Other asset-backed securities	193	3,851	254	4,298
Government and government agency bonds	44,232	157,909	45	202,185
Corporate bonds	26,047	181,925	9,388	217,360
Other debt securities	597	1,735	1,405	3,737
Equity securities	30,697	902	6,911	38,509
Subtotal	**101,800**	**363,833**	**18,057**	**483,690**
Financial assets for unit-linked contracts	97,613	2,906	162	100,681
Derivative financial instruments and firm commitments included in other assets	–	597	–	597
Total	**203,243**	**370,438**	**18,513**	**592,194**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	23	1,170	7,813	9,005
Other trading liabilities	–	3	–	3
Subtotal	**23**	**1,172**	**7,813**	**9,008**
Financial liabilities for unit-linked contracts	97,613	2,906	162	100,681
Derivative financial instruments and firm commitments included in other liabilities	–	465	–	465
Financial liabilities for puttable equity instruments	2,251	56	22	2,329
Total	**99,887**	**4,599**	**7,997**	**112,483**

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2014 (ITEMS CARRIED AT FAIR VALUE)

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	79	323	–	402
Equity securities	47	133	15	195
Derivative financial instruments	260	1,336	22	1,618
Subtotal	**385**	**1,792**	**38**	**2,214**
Financial assets designated at fair value through income				
Debt securities	887	981	19	1,887
Equity securities	1,624	38	110	1,773
Subtotal	**2,512**	**1,018**	**129**	**3,660**
Subtotal	**2,897**	**2,810**	**167**	**5,875**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	43	3,695	–	3,738
Corporate mortgage-backed securities (residential and commercial)	–	14,146	40	14,186
Other asset-backed securities	259	4,075	218	4,552
Government and government agency bonds	29,810	162,166	39	192,016
Corporate bonds	15,885	188,946	6,452	211,284
Other debt securities	273	1,966	729	2,968
Equity securities	30,077	868	6,226	37,171
Subtotal	**76,347**	**375,862**	**13,704**	**465,914**
Financial assets for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other assets	2	476	–	477
Total	**171,131**	**381,659**	**14,037**	**566,830**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	49	1,315	7,129	8,493
Other trading liabilities	–	3	–	3
Subtotal	**49**	**1,319**	**7,129**	**8,496**
Financial liabilities for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other liabilities	–	281	–	281
Financial liabilities for puttable equity instruments	1,754	24	15	1,793
Total	**93,688**	**4,135**	**7,310**	**105,134**

Valuation methodologies of financial instruments carried at fair value

For fair value measurements categorized as level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used valuation techniques listed in IFRS 13:

- *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach:* Amount that would currently be required to replace the service capacity of an asset (replacement cost).
- *Income approach:* Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

Financial assets carried at fair value through income

Financial assets held for trading – Debt and equity securities

The fair value is mainly determined using the market approach. In some cases, it is determined based on the income approach using interest rates and yield curves observable at commonly quoted intervals.

Financial assets held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined based on the income approach using present value techniques and the Black-Scholes-Merton model. Primary inputs for the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals.

For level 3, derivatives are mainly priced by third-party vendors. Controls are in place to monitor the valuations of these derivatives. Valuations are mainly derived based on the income approach.

Financial assets designated at fair value through income – Debt securities

The fair value is mainly determined using net asset value techniques for funds and the market approach.

Financial assets designated at fair value through income – Equity securities

For level 2, the fair value is determined using the market approach. For level 3, equity securities mainly represent unlisted equity securities measured at cost.

Available-for-sale investments

Available-for-sale investments – Debt securities

Debt securities include:

- Government and agency mortgage-backed securities (residential and commercial),
- Corporate mortgage-backed securities (residential and commercial),
- Other asset-backed securities,
- Government and government agency bonds,
- Corporate bonds, and Other debt securities.

The valuation techniques for these debt securities are similar. For level 2 and level 3, the fair value is determined using the market and the income approach. Primary inputs for the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means that a present value technique is applied where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Available-for-sale investments – Equity securities

For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants.

For level 3, the fair value is mainly determined using net asset values. The net asset values are based on the fair value measurement of the underlying investments and are mainly provided by fund managers. For certain level 3 equity securities, the capital invested is considered to be a reasonable proxy for the fair value.

Financial assets for unit-linked contracts

For level 2, the fair value is determined using the market or the income approach. For the income approach, primary observable inputs include yield curves observable at commonly quoted intervals.

For level 3, the fair value is mainly determined based on the net asset value.

Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

Derivative financial instruments and firm commitments included in other assets

The fair value of the derivatives is mainly determined based on the income approach using present value techniques. Primary inputs include yield curves observable at commonly quoted intervals. The derivatives are mainly used for hedging purposes. Certain derivatives are priced by Bloomberg functions, such as Black-Scholes Option Pricing or the swap manager tool.

Financial liabilities held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined using the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals and credit spreads observable in the market.

For level 3, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. A significant proportion of derivative liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates.

Financial liabilities held for trading – Other trading liabilities

The fair value is mainly determined based on the income approach using present value techniques. Primary inputs comprise swap curves, share prices and dividend estimates.

Derivative financial instruments and firm commitments included in other liabilities

For level 2, the fair value is mainly determined using the income approach. Primary inputs include interest rates and yield curves observable at commonly quoted intervals.

Financial liabilities for puttable equity instruments

Financial liabilities for puttable equity instruments are generally required to be recorded at the redemption amount with changes recognized in income. For level 2, the fair value is mainly determined using net asset value techniques.

Significant transfers of financial instruments carried at fair value

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Significant level 3 portfolios – Narrative description and sensitivity analysis

Available-for-sale investments – Equity securities

Equity securities within available-for-sale investments classified as level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group and in most cases are delivered as net asset values by the fund managers (€ 5.7 BN). The net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

Available-for-sale investments – Corporate bonds

Corporate bonds within available-for-sale investments classified as level 3 are mainly priced based on the income approach (€ 5.9 BN). The primary non-market observable input used in the discounted cash flow method is an option-adjusted spread taken from a benchmark security. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Financial liabilities held for trading

Financial liabilities held for trading mainly include embedded derivative financial instruments relating to annuity products that are priced internally using discounted cash flow models (€ 7.6 BN). A significant decrease (increase) in surrender rates, in mortality rates or in the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Quantification of significant non-market observable inputs

The following table shows the quantitative description of the valuation technique(s) and input(s) used for the level 3 portfolios described above.

QUANTITATIVE DESCRIPTION OF VALUATION TECHNIQUE(S) AND NON-MARKET OBSERVABLE INPUT(S) USED

€ MN

Description	Fair value as of 30 September 2015	Valuation technique(s)	Non-market observable input(s)	Range
Available-for-sale investments				
Equity securities	5,713	Net asset value	n/a	n/a
Corporate bonds	5,857	Discounted cash flow method	Option-adjusted spread	16 BPS – 800 BPS
Financial liabilities held for trading				
Derivative financial instruments	7,562			
Fixed-indexed annuities	5,146	Discounted cash flow method	Annuitizations	0 % – 25 %
			Surrenders	0 % – 25 %
			Mortality	n/a[1]
			Withdrawal benefit election	0 % – 50 %
			Volatility	n/a
Variable annuities	2,415	Discounted cash flow method	Surrenders	0.5 % – 35 %
			Mortality	n/a[1]

1 — Presentation not meaningful. Mortality assumptions are mainly derived from the Annuity 2000 Mortality Table.

Reconciliation of level 3 financial instruments

The following tables show a reconciliation of the financial instruments carried at fair value and classified as level 3.

RECONCILIATION OF LEVEL 3 FINANCIAL ASSETS

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	–	–	–	–
Equity securities	15	–	–	(4)
Derivative financial instruments	22	22	–	(127)
Subtotal	**38**	**22**	**–**	**(132)**
Financial assets designated at fair value through income				
Debt securities	19	14	(1)	(6)
Equity securities	110	–	–	–
Subtotal	**129**	**14**	**(1)**	**(6)**
Available-for-sale investments				
Corporate mortgage-backed securities (residential and commercial)	40	–	–	(4)
Other asset-backed securities	218	55	–	(70)
Government and government agency bonds	39	13	1	(11)
Corporate bonds	6,452	3,090	(10)	(298)
Other debt securities	729	639	–	(40)
Equity securities	6,226	946	–	(851)
Subtotal	**13,704**	**4,743**	**(9)**	**(1,273)**
Financial assets for unit-linked contracts	166	3	–	(6)
Total financial assets at fair value	**14,037**	**4,783**	**(10)**	**(1,417)**

RECONCILIATION OF LEVEL 3 FINANCIAL LIABILITIES

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	7,129	1,347	26	(548)
Financial liabilities for unit-linked contracts	166	3	–	(6)
Financial liabilities for puttable equity instruments	15	9	–	(2)
Total financial liabilities at fair value	**7,310**	**1,360**	**26**	**(556)**

Net gains (losses) recognized in consolidated income statement	Net gains (losses) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 September 2015	Net gains (losses) in profit or loss attributable to a change in unrealized gains or losses for financial assets held at the reporting date
–	–	–	–	–	–	–
1	–	–	1	–	12	–
227	–	–	1	–	145	78
228	**–**	**–**	**1**	**–**	**157**	**78**
–	–	–	–	–	27	–
–	–	–	–	–	110	–
–	**–**	**–**	–	**–**	**137**	**–**
4	2	–	3	8	54	2
20	(20)	(1)	12	39	254	–
–	–	–	2	–	45	–
10	(258)	–	402	–	9,388	(6)
2	74	(3)	1	3	1,405	1
41	593	(62)	(14)	32	6,911	–
77	**391**	**(66)**	**407**	**83**	**18,057**	–
(1)	–	–	–	–	162	–
304	**391**	**(66)**	**408**	**83**	**18,513**	**75**

Net losses (gains) recognized in consolidated income statement	Net losses (gains) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 September 2015	Net losses (gains) in profit or loss attributable to a change in unrealized gains or losses for financial liabilities held at the reporting date
(708)	(20)	–	586	–	7,813	–
(1)	–	–	–	–	162	–
–	1	–	–	–	22	–
(709)	**(19)**	**–**	**586**	–	**7,997**	**–**

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment, or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 32 – Impairments of investments (net) or note 36 – Other expenses.

RECLASSIFICATION OF FINANCIAL ASSETS

On 31 January 2009, certain U.S. Dollar denominated CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39.

As of 31 December 2014, the carrying amount and fair value of the CDOs was € 167 MN and € 169 MN, respectively. As of 30 September 2015, the carrying amount and fair value of the CDOs was € 4 MN and € 5 MN, respectively. This reduction was driven by the circumstance that one CDO vehicle was restructured during the second quarter of 2015. In the course of this, the underlying assets of the CDO vehicle were recognized as available-for-sale investments. For the nine months ended 30 September 2015, the net profit related to the CDOs was € 18 MN.

39 — Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period.

BASIC EARNINGS PER SHARE

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Net income attributable to shareholders used to calculate basic earnings per share	1,359	1,606	5,198	5,002
Weighted average number of common shares outstanding	454,304,624	453,784,317	454,278,393	453,762,049
Basic earnings per share (€)	**2.99**	**3.54**	**11.44**	**11.02**

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. These effects arise from various share-based compensation plans of the Allianz Group.

DILUTED EARNINGS PER SHARE

€ MN	three months ended 30 September		nine months ended 30 September	
	2015	2014	2015	2014
Net income attributable to shareholders	1,359	1,606	5,198	5,002
Effect of potentially dilutive common shares	3	(10)	(2)	3
Net income used to calculate diluted earnings per share	**1,361**	**1,597**	**5,196**	**5,004**
Weighted average number of common shares outstanding	454,304,624	453,784,317	454,278,393	453,762,049
Potentially dilutive common shares resulting from assumed conversion of:				
Share-based compensation plans	2,464,767	328,927	227,302	3,090,734
Weighted average number of common shares outstanding after assumed conversion	**456,769,391**	**454,113,244**	**454,505,695**	**456,852,783**
Diluted earnings per share (€)	**2.98**	**3.52**	**11.43**	**10.95**

For the nine months ended 30 September 2015, the weighted average number of common shares excludes 2,721,607 (2014: 2,737,951) treasury shares.

40 — Other information

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES

	as of 30 September 2015	as of 31 December 2014
Germany	40,977	40,692
Other countries	107,061	106,733
Total	**148,038**	**147,425**

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 September 2015, there were no significant changes in contingent liabilities compared to the consolidated financial statements for the year ended 31 December 2014.

As of 30 September 2015, outstanding commitments to invest in private equity funds and similar financial instruments amounted to € 4,797 MN (31 December 2014: € 4,388 MN) and outstanding commitments to invest in real estate and infrastructure amounted to € 3,603 MN (31 December 2014: € 1,209 MN). Other commitments – mainly referring to sponsoring – decreased from € 743 MN as of 31 December 2014 to € 564 MN as of 30 September 2015. All other commitments showed no significant changes.

INSURANCE LAWS (AMENDMENT) BILL IN INDIA

The Insurance Laws (Amendment) Bill became legally effective in the first quarter of 2015 and provides for raising the foreign investment cap in Indian insurance companies from previously 26 % to 49 %. As per the 2001 joint venture agreement between the Allianz Group and Bajaj, the Allianz Group has the option rights to increase its existing interest in Bajaj's insurance companies subject to regulatory approval. The Allianz Group evaluates these option rights in light of the prevailing legal regulations.

41 — Subsequent events

Allianz agrees to sell Selecta Group to KKR

On 10 October 2015, Allianz agreed to sell its stake in Selecta Group to KKR for a cash consideration plus a deferred purchase price element. The transaction is subject to several conditions precedent. Selecta Group has not qualified for a disposal group classified as held for sale as of 30 September 2015. Closing of the transaction is expected either during the fourth quarter of 2015 or during the first quarter of 2016, provided that the remaining conditions precedent are fulfilled. Upon closing, Allianz expects a positive double-digit Euro million gain from Selecta Group's deconsolidation.

Munich, 5 November 2015

Allianz SE
The Board of Management

REVIEW REPORT

To Allianz SE, Munich

We have reviewed the condensed interim consolidated financial statements of Allianz SE, Munich – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and selected explanatory notes – together with the interim group management report of Allianz SE, Munich, for the period from 1 January to 30 September 2015 that are part of the quarterly financial report according to § 37x (3) WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 5 November 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Independent Auditor)

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

Financial calendar

Important dates for shareholders and analysts[1]

Financial Results 2015	19 February 2016
Annual Report 2015	11 March 2016
Annual General Meeting	4 May 2016
Interim Report/Financial Results 1Q	11 May 2016
Interim Report/Financial Results 2Q	5 August 2016
Interim Report/Financial Results 3Q	11 November 2016

1 — The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.

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Interim Report on the internet – www.allianz.com/interim-report – Design / Concept: hw.design GmbH – Date of publication: 6 November 2015